

Power and ownership

Introduction

The time has come to put questions about power and ownership on the agenda!

Power and ownership are still unjustly distributed in the Swedish society and the economic power is concentrated to a minority. Power and influence have been moved from our common sector to the private sector, from a democratic sector governed by general interest to a private sector governed by self-interest. The political scope of action has shrunk compared to "the market". Power has drifted from labour to capital. This process amounts to a reduction of democracy. Thereby the left movement is challenged to develop its analyses and its policy regarding for instance globalisation, feminism and environmental problems. As a first step of a wider effort we have chosen to concentrate on ownership issues.

A crucial question is what kind of left strategy is needed to break this power concentration. What can be done on national level in order to build counter-powers? Which strategy is valid in issues about power and ownership?

The strategic goal is an economic democracy where everyone has a real influence on production and economy, and where all yield power and influence on their work and their daily life. This presupposes a change of the present ownership relations.

A modern socialist strategy must build on a movement from below and on a wide range of collective ownership forms. The overarching strategy is to gradually expand the common, democratic ownership compared to private ownership so that the main part of the economy becomes democratic and commonly owned. Capitalism is global and therefore the left has to build socialist counter-powers on local, regional, national and international levels.

The left and a united labour movement must frame an offensive against a development that breeds inequality and widens gaps among people. The time has come for a broad debate about economic democracy. We want to contribute to that debate.

OWNERSHIP AS STRATEGY

Ownership makes power

We are socialists and feminists.

Our goal is to implement an economical and political system that is democratic, a society that makes real influence and real equality possible.

We want to expand democracy in all societal fields. In Sweden there are many channels for power and influence. They have come true *i.e.* through freedom of speech and organization, through our non-governmental organizations who have built influence over work and living, through an anti-monopoly and labour legislation that reduces capital's power. In this document we want to develop our strategy in a field where the ownership power of capital is challenged.

The basis of Marxism is its focus upon the relationship involving ownership and the definitive effects this relationship has on all societal constellations. The powers of production, as well as those of ownership, in conjunction with other relationships pertaining to production, make up the material and economic base that form the definitive foundations of the basic power relationships by which politics, culture and ideology are shaped. The common denominator in all societal relationships is the fact that definitive societal power lies with those who own and control the means of production. Those who own businesses, capital and the means of production, a select few with a stake in power and profit, control a system of production that is designed to satisfy the needs of all. Marxism describes this unequal relationship as a division into classes, where those who own and control are the power-wielding bourgeois and those without ownership work for a living and constitute the subordinated working class.

There is another group, or level, in society that is difficult to place within this class system. Existing parallel with the current power system is a patriarchal system of power. However, even if the patriarchal system has "its own material foundations in reproduction", the systematic subordination of women in the distribution of ownership, and thus power, is quite evident.

Women own less than men and a larger number of them are salaried workers. Capitalism and society are constantly involved in a process of change. These changes work in conjunction with patriarchy. And, of course, it affects the nature of class division. For instance, with the expansion of the public sector, we've observed how increasingly more women enter the work force, while being regulated to the lower end of the class system. We also can see how many administrative jobs become increasingly

proletariat in nature. However, the basic conflict between the working class and capitalists remains, and this can only be resolved with the eradication of capitalism.

A changing ownership

Ownership has changed in the Swedish economy. Short-term oriented institutions as well as foreigners have expanded their value share of the Stockholm exchange compared to individual owners. In 2001, both Swedish and foreign institutions held more than 25% of the top 100 company shares. Compared to the old capitalist families these institutions claim for faster profits. To them the stock value is more important than long-term investments.

Swedish capitalism is international. For a long time Swedish company investments abroad were considerably larger than foreign investments in Sweden. In the 1990s the flow expanded strongly in both directions. A dominant share of these flows were made up by fusions and acquisitions, for instance ABB, Astra Zeneca and Ford–Volvo. The number of workers in foreign-owned Swedish companies (those where more than 50% of the votes were held by foreign investors) more than doubled during the 1990s; in 2000 they were 450 000.

Some of the foreign-owned companies have invested vastly in Sweden. Others have reduced heavily. The home of the parent company may influence decisions about where to make reductions. Even the acquisitions of foreign companies by Swedish companies have been considerable during the 1990s. The Swedish domestic market is small so companies search for new markets.

Together with with expanded trade and interwoven ownership the legal ownership bases are harmonized. This takes place through the European Union but also in relation to the rest of the world. Rules for ownership, competition and trade become increasingly global.

The strategic conditions also are changed by the development of the productive forces. Modern telecommunications and media are boundless.

We make our own history, but we do not make it under circumstances chosen by ourselves. Here we will stress *i.e.* those limits for democracy that our capitalist economic system by definition imply. A far-reaching democratizing presupposes a far-reaching change of power and ownership relations.

Many factors determine which social changes that are possible in a given moment. If reforms are going to be legitimate they must get support from a popular majority. But that is not enough. Large political, social and economic changes correspond to the

development of our common capacity to produce and reproduce our lives, *i.e.* the productive forces. This relation forms the base for history but is not independent of political and economic forces. It circumscribes what is possible and defines the content of the political struggle.

In capitalism the different parts of the economy have become more and more interdependent, nationally and internationally. At the same time private ownership leads to a short-term hunt for profits, a quarter capitalism where stock exchange quotations become more important than production development. This stresses the need for a social and democratic control and coordination of the economy. A highly developed economy needs a qualified labour force. Knowledge becomes ever more important and it is a productive factor that is hard to control. This may strengthen labour's position and pave the way for democratizing from below.

The rise of a commonly financed public sector is another indication of that democracy and production for needs are principles that belong to the future. However, we do not know in advance when and in which forms the development of the productive forces and men's struggle for democracy and justice make room for transformed ownership and power relations.

Ownership forms: some concepts

In order to develop our view on ownership we first have to define some concepts. A reasonable definition of social ownership includes state ownership on national, regional and local levels. Those forms may be summed up in the concept of public ownership.

In addition to social ownership we have got the concepts of collective ownership and common ownership. Both of them include social/public ownership but are wider and also make room for various forms of worker ownership, co-operative ownership and trade union ownership.

The private ownership of productive means has become increasingly collective or institutional by the rise of share investors funds, pensions funds etc. This is hold to mean that ownership has been broadened to include broad popular layers. Yes, ownership relations have changed and the institutional ownership has grown. But when it comes to the real power, this has been concentrated to a limited number of capitalist groups who own and control the majority of the stock. The broad majority, the small shareholders, still are lacking real power and influence.

The institutional ownership (by insurance companies, unit trusts, pension funds etc.) is not democratically built as it does not conform to the principle of one person—one

vote. Instead voting rights follow share ownership, and the big shareholders appoint the board. And when big Swedish pension funds, like AMF and Alecta, do not ask for owner influence by taking a seat in company boards, private capitalist interests are strengthened even more.

When banks and insurance companies found unit trusts, it is not the thousands of small savers who have power to appoint representatives in company boards but the major owners of the bank or the insurance company, often a few persons.

This means that the present institutional ownership does not contradict the private ownership – it is a form of private ownership. Its opposite is a common ownership based on the democratic principle of one person–one vote. The incessant hunt for greater profits forces capital to strive for monopoly by eliminations and fusions. The capital owners shape these monopolies to fit their need for growing profits. There is no free market in capitalism.

We therefore can state that ownership relations and forms are not static but variable, and that private ownership and power over productive means still are the foundations of the capitalist mode of production.

Economic democracy and socialism

A capitalist society is incompatible with economic democracy. Production should be guided by men's needs, not by short-term profit interests of capital owners and investors. All men should be conferred equal value and possibility, and society should render possible for everyone to exercise a real influence. Political democracy is based on the principle of one citizen–one vote. In an economic democracy that principle is extended to include the economy.

As ownership and power are intimately interrelated a real democracy, that is democratic socialism, requires that the major part of the economy is commonly owned. Especially important is that the big companies, which possess the real power, are commonly owned and democratically controlled. This is a long term goal. Socialism requires that capitalism is abolished, and that goal has to be realized internationally.

History has clearly shown that a social ownership is no sufficient condition for developing a democratic socialism. The eastern "real socialism" was a warning example. Social ownership (all forms of common ownership) must be combined with a democratic form of organization. Common ownership is a necessary, not a sufficient condition. This means that our strategy for breaking the power of the big finance and to democratize ownership must build on a popular and collective mobilization. To be

successful, the struggle for democratic economy requires support from a broad and active union and political movement.

Economic democracy comprises two central perspectives: An overarching structural perspective which concerns ownership and control of the productive means, and a strong perspective from below which is about democratic organizing, self-governance and influence.

A strategy for power and influence

For a long time the commonly owned share of the economy has been reduced compared to the private share. Today about three fourths of the Swedish economy is privately and one fourth commonly owned. The common ownership is dominated by social ownership while co-operative and workers ownership make up a minor share. The social ownership in its turn is dominated by state ownership.

State, local government, cooperative and workers ownership are all examples of common ownership and therefore a natural part of a socialist strategy.

What about small business then? Small companies, where the owner himself performs basic work, often constitute a good, innovative enterprise form which may make the economy dynamic. However, a high proportion of small companies in an economy may be a sign of poverty and weak public structures, where people for their subsistence are forced to start businesses of their own. Neither can, in a capitalist mode of production, small enterprises make the foundation for a democratic economy.

We advocate small business which are complements to a common ownership. Small business that are socially and environmentally responsible and that have good terms of employment and healthy work environments contribute to economic growth and dynamism.

Common ownership must dominate if democracy may expand to the economy. Therefore our strategy is to gradually increasing common ownership compared to private ownership. It sets for developing our policy regarding state, local government, co-operative and worker ownership in order to bring us nearer to our long term goal – economic democracy and socialism.

STATE OWNERSHIP

Then and now

In Sweden the rationale for government ownership has changed over time. For the labour movement an important rationale was that state ownership has been seen as a counterweight to the power of big capital and as a remedy to market failures. But even non-ideological motives have been central to the state ownership. They have concerned control of fundamental national resources, security policy issues, demands for rational operations after economic restructuring and rationalization etc.

During the 1990s the state-owned company sector has changed considerably, due to privatizations, focussing on core activities and rationalizations. Especially privatizations have been strongly reduced the governmental influence. As a total, the government company sector became reduced to two thirds during the 1990s. However, the state still is the greatest company owner in Sweden.

Social interest vs. demands for profit

Demands for business orientation have been intensified and today valorization is the overarching goal for all government companies, *i.e.* to "create acceptable returns from state capital" and "effective management". This "focusses growing stock value rather than the owner's overarching purpose or goal" (according to a governmental document).

Why state ownership?

State-owned companies may operate as monopolists or in competition, but the general interest must always be the base of state ownership. For some companies the owning state may accept a lower profitability than applies to private capitalist companies. For instance, the owner may prescribe a nationally comprehensive supply of post and telecommunication services, electric power etc. Except in those activities that are financed through taxes out of social or other political motives, the companies are to generate profits for their own use. All social development, even in a socialist society, presupposes the creation of a surplus value that can be transformed into new technology, research and strategic investments.

State-owned companies belong to the people. Instead of shareholders holding the crucial power, democratically elected representatives decide in the last instance. When state ownership is reduced compared to private capitalist ownership, power and influence are shifted from the democratically controlled sector to the sector which is controlled by big shareholders.

Therefore state ownership and the public sector as a whole are a counterweight to the power of big capital. In a socialist strategy ownership is crucial, but it must be combined with democratic organization. And it should, in sum, aim at activities which favour a general interest.

What should be owned by the state?

The common, state ownership possesses unique possibilities compared to private ownership. The state should own companies which form important structures in the economy. Structures that in their turn create conditions for a responsible social development and which are a counterweight to private capital power. This means that there should exist a national, state responsibility for activities that constitute a basic financial structure in the economy (a democratically owned bank and credit sector, a democratically owned stock exchange), for transport, communication and energy infrastructures, for pharmaceuticals and for a basic media structure (public service).

It is also important that the state controls strategic natural resources.

According to another perspective the state should own companies whose activities for various reasons are not suitable for private ownership. This may be activities of public interest that cannot be satisfyingly operated in a market. It may also be activities where government ownership and democratic control are seen as motivated out of justice and/or social reasons. Swedish examples are Systembolaget AB and Apoteksbolaget AB for distribution of alcohol and pharmaceuticals, respectively.

Left policy, short and long term

Expanding share of common ownership

Common ownership includes state ownership. As common ownership by itself shields parts of the economy against short-term private capital interests, it is of strategic worth not only to preserve but also to expand the common ownership in central fields.

However, it must be possible to restructure the state ownership by changing less essential to more essential ownership.

Every state-owned company should have a strategy established by the parliament

We mean that every state-owned company should have a strategy established by the parliament, which defines the motive for state ownership and is guiding for the board and the shareholders' meeting. The parliament should appoint boards which are nominated by the cabinet, and members of the parliament should take an active part of these meetings.

The owner strategy should always be focussed on the public interest

The owner strategy should always be focussed on the public interest, and the activities of the state-owned companies should continually be followed up and evaluated. If important social interests are not safeguarded the ownership strategy must be revised.

Claims for maximum profits reduce the possibilities of the state-owned companies to reach qualitative goals. All companies should be effectively operated, but when important social interests contradict profit claims the strategic goals should be revised.

Every state-owned company should have regional policy goals

It is a responsibility for the government, and thereby for state-owned companies, to contribute to a nationally comprehensive development. State-owned companies must not constitute governmental "islands" in the surrounding local society but should act according to regional development goals which the parliament and the cabinet have laid down. Every state-owned company should have a division for external relations, where anchorage in the local society is an important element. Activities as processing, training, research, environmental technology etc. should consciously be established with regional policy goals in sight.

The state should actively expand its commitment in activities which form parts of important public structures

State ownership and control of fields as energy, technical infrastructure, basic financial and medial infrastructure and strategic natural resources should gradually be expanded.

The state should offensively develop new companies which may act as spearheads in important industries

State ownership has unique possibilities to support advanced technological development and innovation, and thereby to take on the responsibility for the general

long term social development. The state should engage strategically important competence in order to develop new public companies which may act as spearheads in industries as environmental technology, pharmaceuticals etc.

Open popular shareholders' meetings

We also want to expand the civic participation by instituting "popular shareholders' meetings". That would mean that the real owner, *i.e.* the general public, is invited to open shareholders' meetings, where they can get information about the activities and have the possibility to ask questions and discuss economy, goals etc.

Public companies should be exemplary employers

All publicly owned companies should be good employers. This means that they should be exemplary regarding working environment and workers influence. In line with the overarching company goals the workers should yield a maximum power over the day-to-day activities.

All state-owned companies should actively and systematically act against discrimination and for gender equality and ethnic variety. They should have good equality plans with clear goals about rectifying discriminating wages for women and reaching a just gender representation on all levels. Variety plans should bear witness of conscious efforts to recruit foreign-born workers.

All state-owned companies should also be exemplary when it comes to internal and external environment. Their production should be oriented towards an environmentally sustainable economy. Their internal environment should be marked by principles of recycling and environmental responsibility.

LOCAL AND REGIONAL GOVERNMENT

Introduction

Swedish welfare policy has as its keystones full employment together with an active labour-market policy and an extensive public sector. It is characterized by general social security systems and mutually financed and publicly provided services. This Swedish model has incorporated values as solidarity, justice and equality. Important is that it has given women greater possibilities for economic independence.

This general welfare has been weakened in several ways. The 1990s cuts have not been restored yet, which means that the quality sometimes is doubtful, that stress and

exhaustion becomes ever more common, that fewer people want to work with care and education, that workers and users often have difficulties in influencing the shape of the activities. Privatizations and competition expands and the market forces get a growing scope.

We defend the working-class movement principle of a common and mutual sector, financed through progressive taxes from citizens and companies. The basic principle should be "from each according to his ability, to each according to his needs".

Privatization concern if the development should be guided by human needs or by purchasing power. Who should dominate an expanding economic sector? We reject those market philosophers who make children, students and elderly to clients on a service market. Our political goal is to preserve and develop a strong, mutually financed public sector. We want to procure care and education under public management.

Public sector and economic democracy

Economic democracy has two important elements: an overarching structural perspective on basic ownership relations and a perspective from below on power and influence.

Applied to the local and regional government sector a description could be, that the structural perspective corresponds to democratic control and political responsibility while the perspective from below corresponds to power and influence for workers and users.

Public sector means that a part of the social economy is commonly and democratically controlled. Therefore it may be seen as a popular counter-power to private capital, and so local and regional government has an evident role to play in a united power and ownership strategy.

Three strategic elements

1. We want to preserve tax revenues that can provide strong resources to the public sector.

The preservation of a well functioning, mutually financed public sector presupposes a popular support and a long-term economic policy. More resources are needed in order to improve quality, work conditions and wages.

Impartial comparisons that *i.a.* include transfer taxes show that Sweden does not have extremely high taxes. On the contrary, it seems quite possible to keep a mutually

financed and well-developed public sector. What we need is a conscious policy which increases the employment rate as to enlarge the taxation base, and which strives to expand the public consumption. In other words this is a question of political will and of a broad popular support for tax financing.

2. We want to preserve and develop public activities. Local parliaments should establish documents where they show how workers and users can get possibility to influence how the activities are shaped.

It is most important that the public activities become developed and democratized. We need a new organization form that pulls down hierarchies and opens for better co-operation over boundaries. The political control should be revised, and we recommend regional parliaments whose members are elected by direct voting. But then it is up to workers and users to use their expertise, knowledge and commitment for shaping the activities. There must be scope for variation, for new orientations and profiling. In every school, in every old people's home etc. workers and users should have the possibility to realize the political goals in their own way.

3. We strive to renationalize activities that have been privatized.

It is of great importance that competing care and education activities are brought back to public management, prioritizing activities that now are operated by profit-seeking companies.

When workers or users have taken over activities they should be offered transition to good commonly managed activities. We mean that idealistic commitments should be voluntary and not start from deficiencies in the public activities.

Privatizations *i.a.* mean a competence drain from the local and regional government sector. However, in many cases it is still possible directly to retake privatized activities when periods of contract expire. In other cases a gradual retaking and a gradual reconstruction of competence are needed.

Welfare services and alternative operation modes

Cooperative and other voluntary operation modes are situated in an intermediate sector of sorts. What separates these modes from the public sector is that they are not controlled by the society but by their members or partners. It is also important to note that a cooperative or an voluntary organization may have interests that contradict the social interests. This problem can be solved by properly formulating the operative conditions.

Commitment in co-operatives or voluntary organizations may be a way to strengthen democracy. More people can get influence. However, it has also been shown that men in general use their idealistic commitment to strengthen their resources and existing networks, while women's commitment often concerns socially oriented activities with less power but much more responsibility. We also see that resourceful persons, *i.a.* managers, are over-represented in parents childcare co-operatives.

Out of a democratic perspective a conclusion should be that, for instance, a commonly operated old people's home is to prefer to a workers co-operative and always to a private enterprise.

Co-operative companies and voluntary organizations that do not compete with or replace public operations may be complements. They, especially the social co-operatives, contribute to variation.

Contracting or direct operation?

As we have shown, there are many reasons for managing welfare services commonly. But local governments have many responsibilities, and they often lack the competence basis for such things as paving streets or building houses. Therefore there are reasons, economical, rational as well as practical, for local governments to buy some external services and contract out parts of their activities. Inviting tenders squeezes the prices and also gives local or regional companies a possibility to broaden their markets. Public openness and control are essential irrespective of the activities are operated directly or by contract.

Local and regional government companies

In 1999 there were, according to Swedish governmental statistics, 1 533 firms where local och regional government had a majority share. Most of them were organized as joint-stock companies and the most common fields of activity were electricity, heating, water, real estate and hiring.

Local and regional parliaments should establish well-reasoned ownership strategies for their companies.

In the same way as state-owned companies local and regional government companies may constitute important, democratically controlled tools that contribute to a positive

development in localities and regions. Crucial social interests can be safeguarded by, for instance:

- **Public housing.** Housing companies owned by local authorities are tools for a socially and ecologically sustainable housing policy. Local governments should have housing plans and guarantee the establishment of comprehensively composed housing districts and environments, counteract segregation, act for class and gender equality, safeguard tenants' influence and antiquarian aspects etc.
- **Local government companies in the energy sector** are important as links in the adjustment to a new national energy policy, and energy provision is an important part of the social infrastructure. Through their energy companies local government companies may go in for district heating combined with an environmentally sound electricity production, cooperate with other such companies to obtain lower charges, start broadband investments, offer interesting and qualified trainee jobs etc.
- **Public transport.** Public transport aims at providing local citizens a cheap and ecofriendly mode of travel. Women are main users of public transport. The privatization of the Stockholm commuter trains demonstrates the importance of a public responsibility. Public transport often form big units, and it is often necessary for local governments to cooperate in joint operations to be able to compete with Linjebuss, Swebus and other big companies.
- **Economic policy.** Even here local and regional government companies may play an important role through activities that complement and in various ways support and broaden the local economy. A local government can provide premises through its housing or real estate company, favour tourism and build a good leisure infrastructure etc. In its ownership strategy the local government should state in which way to satisfy the citizens' claims for control and participation. Local plans about equality, environment and other overarching goals should be valid even for local government companies.

Compared to other local government activities companies are deficient for instance regarding control and openness. When it is judged positive for an activity to be organized company form, a maximum openness must prevail. It is important to form models for improving citizen control by for instance open shareholders' meetings and regular, easily accessible reports. In order to motivate their company ownership local parliaments should formulate clear ownership strategies for their companies and state in which way claims for citizen control, openness and participation could be fulfilled. Local plans for equality, environment, integration etc. should be applicable also to local government companies.

Local self-governance vs. national responsibility

Privatizations are criticized for weakening democratic control and impairing welfare, but also while it is possible to fast sell out what has taken a long time to build and what also would take long time to renationalize. Given this it is not absurd to by law or in other ways limit the scope for local governments to sell out public activities.

Selling-out decisions are taken in local parliaments, and a limitation of that right also means a limitation of local self-governance. But local government activities belong to a national welfare system, and all forms of entitlement laws are a limitation of that local self-governance. Therefore it is besides the point to generally say that limitations of the local self-governance cannot be defended. Instead the relevant question is whether various interventions are necessary or unacceptable. Which in turn concerns political goals and values.

Political means of control to counteract privatizations

Lately there was a debate about the need for legal forms which prevent or obstruct privatization of regional or local government activities. Some temporary laws have been passed. Here a list of possible alternatives that in our opinion should be discussed.

1. Economic incentives

- The government may grant local government companies certain advantages, for instance through subsidized interests and investments or lower taxes. Conversely companies which compete with public activities can be charged with less favourable conditions.
- State subsidies to for instance education, child care or eldercare may be earmarked and be given to public activities only.

2. Economic sanctions against privatization

At privatizations state subsidies to a local government be reduced in relation to the receipts. Today this applies to public housing.

3. Options

- When a local government company is sold another public company may get an option.
- When a public housing company is for sale, the tenants may get a collective option.

4. Restrictions for privatizing

- Only certain forms of local government property may be sold without permission. Restrictions may be applicable above a certain limit related to the economic turnover of the local government.
- Selling will be permitted only in special cases, as when it obviously would harm the local government not to sell.

5. Laws against profit-seeking companies

- Prescriptions that certain activities, for instance care, may not be carried on by profit-seeking companies. Such laws exist in the Netherlands and Canada.

6. Transfer to foundations

- Local government property may be transferred to foundations that are designed as to prevent new political majorities to dispose of the assets. The foundations will become "public goods", companies that own themselves.

7. Entitlement laws

- Instead of prohibit selling and/or privatization laws can be based on entitlements and obligations. For instance, local governments may be obliged to have, related to their size, at least one public housing company which offers a certain amount of flats at reasonable rent.

All the above-mentioned means of control imply major or minor restrictions of the local self-governance, and they also have other advantages and disadvantages. Especially we must be conscious of the possibilities of the national parliament to determine the policy orientation of local and regional governments irrespective of their political majority. Constitutional rules that prevent bourgeois majorities in localities and regions from privatizing may be used by bourgeois cabinets and parliamentary majorities to prevent local or regional left majorities from nationalizing. In other words, there are good reasons to be restrictive in using such laws. The real defence for a mutually financed public sector must come from below and mean majority for such a policy on all levels.

FUNDS AS A STRATEGIC TOOL FOR ECONOMIC DEMOCRACY

Introduction

Through their accumulated pension capital the global workers own more than the total worth of the three biggest exchanges of the world. Yet capitalists hold the power in the overwhelming majority of the big companies. Collective capital building through funds is a strategy which may contribute to the development of economic democracy and democratic socialism. This is no modernity in the efforts to democratize the Swedish economy. During the 1970s the social debate was heavily marked by a proposal for wage earners' investment funds that was presented in 1975.

Once more collectively built funds are topical, and not only Sweden has debates about how to strengthen the power of the workers through such funds. It is a paradox that the impetus for the present debates come from the stronghold of capitalism, from the US and from Canada, where union owned pension funds play a more active role than in Sweden.

Here we want to discuss not only union pension funds but also other forms of collective capital building. These various forms should not be seen as mutually excluding alternatives. They may become complementary elements in a broad strategy for economic democracy.

Union pension funds

We oppose the pensions agreement that has been settled by the Swedish social democrats and four bourgeois political parties. It means that the governmental occupational pension funds, worth hundreds of billion crowns, gradually will melt away. Instead we now are going to chose by ourselves in which out of more than a hundred privately controlled funds to invest our pension money. However, this system already is a fact to take into consideration.

The new pension system has a potential for developing a fundbased strategy for economic democracy. Funds which are based on the fundamental economic democracy principle of one person—one vote.

Union funds may use their responsibility as owners and the power and influence that comes with shareholdership, for instance to prevent closing-down of profitable companies or the moving out production to low-income countries. LO, the Swedish TUC, now has got a rare possibility to grant its members a real influence over the economy through union pension funds. However, it transferred this to the insurance company of Folksam and its investors by creating a common fund company, where Folksam is majority shareholder.

Today there is reason to criticize an ownership and power concentration that is not less unjust than twenty years ago.

Though still principally on a theoretical level a more active fund management is being discussed. But it is important to stress that the US and Canadian models do not aim at a majority ownership in the companies. Generally they are about giving the workers a minority board representation and at most a certain amount of influence.

In Sweden requirements as a strong labour movement should makes a more offensive orientation possible.

It seems reasonable that the union as such creates a fund where its members may choose to invest their pension capital. Another alternative is to have several regional funds. The union members would appoint the fund board. This fund board and local union units could appoint deputies to shareholders' meetings and in company boards. In long term this model would in long term allow for companies that are owned and managed by their workers. The fund returns could be used for various purposes, for instance to support (or better: reinstate) a wage policy which shows solidarity with low-paid workers.

Of course, union pension funds are principally an issue for the unions themselves. But it is such an important ownership and power issue that it cannot solely be left to the trade union movement. An implementation of funds which aim at democratizing the economy presupposes that the labour movement acts as a united force.

We support union pension funds

Of course union funds is an initiative that should be encouraged. At the same time there are deficiencies and problems that we ought to be conscious of.

One objection is that the funds buy shares and thereby contribute to market speculation as well as to company profits. However, as the money in other cases would have ended up at private banks, insurance companies and stockjobbers it seems better that the democratically elected boards of the union funds have an overarching responsibility for the investing of their members' capital.

There is a risk that the funds end up only supplying the private economy with venture capital, not aiming at majority ownership and a real democratic influence. How far does we dare and want to aim? This is a political question.

There is a risk that new inequalities arise as some funds do very well and other do poorly. The unions get a split role as employers and wage-earners.

In spite of these deficiencies offensive union funds may become an element in a common strategy for achieving economic democracy. An active fund management can be used for influencing important decisions about transfers and closing-downs. In long

term it also may be a way of influencing the fundamental ownership relations in the companies.

Social funds

By social funds we mean funds which are owned by a national, regional or local government. Today the incomparably largest Swedish funds are "AP-fonderna", general superannuation funds which have been transformed to cushion funds of a sort, connected to the new pension system.

There have come proposals about activating the existing AP-funds, for instance by eliminating investment limits and other restrictions. However, that would mean a democracy problem as those funds, given the current structure, confer no real influence to the wage-earners. Therefore a condition is that democratization of state ownership which we dealt with in the section about state ownership. Activated AP-funds should be a supplement to union pension funds.

Our strategy for economic democracy includes an expansion of the state ownership to strategically important big companies whose activities are of central importance out of a general interest. One possibility is to use activated AP-funds for this purpose. This could contribute to the overarching goal of shifting the balance between private and common ownership and to move power and influence from privately controlled big capital to the citizens through our democratically elected bodies. This also could guarantee that the profits which the AP-funds win by their shares be reinvested in Sweden.

The AP-funds should play an active owner role out of a general interest

Activated AP-funds could form a real counterbalance to short-term speculation, transfers and "market" lobbying our democratically elected politicians to drive through "necessary" decisions. They could facilitate a progressive product development and a necessary renovation of economy and production, which now is obstructed by investors with no longer foresight than a couple of days or weeks. Investors who are directed by stock exchange quotations rather than by a long-term concern for a development of the activities.

Social funds from public surpluses

Sweden is no longer a net debtor nation, which means that national, regional and local governments together with the social security system now are amassing a net public

capital. Productively invested social funds are a better way of managing this capital than if the state would transfer the management to banks and other private investors.

Decisions in social funds might be decentralized so that the workers of the owned companies got a share of the power. This could be organized by transferring all or a part of their voting rights at shareholders' meetings to the workers in those companies. The social funds should represent the general interest according to the principle of one individual—one vote. The producer interest is represented by the workers of the company, who should hold the power over day-to-day decisions about what to produce, how to produce, marketing and investments, if they are not of so great interest for the whole society that the owner should intervene.

Social funds for a regional policy

Even regional funds which are not directed at winning power can constitute constructive elements in an overarching strategy. There have in Sweden come proposals for regionally based funds. Concretely they have been about *i.a.* hydro-power funds which should guarantee that capital is reinvested in those regions where it has been generated. Through a certain amount per kWh capital is restored which can be used for necessary investments in the regional economy, for creating job, education etc. In this way capital and thereby power and influence can be moved from private energy companies to bodies which are democratically controlled. Thereby application decisions can be brought as near as possible to the users.

Concerning political and economic democracy funds which are mutually owned by the public sector as employer and the workers are of special interest. This special party relation opens for the possibility to uniting political and economic democracy. A mutual fund which is based on the wage-earners' pension reservations and which is controlled by contract among the parties cannot, just out of an election victory, become abolished by a bourgeois majority.

Societal funds

A possible complement to the above-mentioned fund forms is what we preliminarily may call societal funds. Here a sketch.

A fundamental issue when building a fund is the capital supply. An ingenious construction once was presented by the Swedish trade union economist Rudolf

Meidner, whose profit-sharing model shifts the ownership and power structure of companies without influencing their liquidity. A certain part of the yearly returns from big companies would be transferred to wage-earner's investment funds, not as cash but as new-issued shares. Thereby the profits would not leave the company but remain an active capital. By relating the calculated sum to the total stock, the amount of new shares could be established.

A societal fund could get its capital supply in the same way. It should comprise only big companies, for instance those with at least 100–200 workers and a certain turnover.

The model of wage-earner's investment funds have been criticized for unilaterally favouring trade unions and for possible problems when the unions have to play two roles: as representatives for the employers as well as for the workers. With a societal funds model it is possible to bring about a balance between salaried workers and the interests of civil society; interests which sometimes are identical but sometimes also in conflict.

A possible solution is to combine wage-earner influence with societal ownership, preferably regionally based, with a national levelling fund to counteract regional inequalities. Such regional funds could be managed by a board with political deputies appointed by the regional parliament. Thereby, the funds would strengthen these parliaments. The board also could include members appointed by cabinet/national parliament and trade unions.

The fund deputies at shareholders' meetings and in company boards could be appointed by the fund board/the regional parliament and the company workers, respectively.

When a societal fund has reached majority in a company it perhaps could appoint its board president while the workers appointed the managing director and other managers. The goal would be to bring about a balance between the society's and the workers' deputies. While the former would control the majority of the board, the workers would appoint that part of the management which was responsible for day-to-day activities. The equilibrium had to be found inside the board where possible conflicts were treated among representatives of different interests.

This model seriously would challenge the present ownership structures and establish an equilibrium between citizen interest and worker interest, between social power and labour power. This power-sharing model would evade group selfishness in successful companies. The fundamental principle of the fund should be one citizen—one vote rather than one union member—one vote.

The fund board, appointed by democratically elected regional politicians, should have an overarching responsibility for recruiting competent persons as fund deputies in

company boards, and for warranting that those persons acted in accordance to overarching principles which should be developed by the national and the regional parliament. In an open and free nomination process political parties might propose competent persons with a professional qualification which is needed in a company board. Then the regional parliament formally would appoint the deputies – a current process in democratic bodies.

With a profit-sharing system it would take, according to Meidner's calculations, 20–40 years (dependent on profitability and sharing proportions) until the fund reached majority in a company. This means that society deputies in company boards would get a long time to prepare for good managing. The worker deputies in a board could be appointed by company elections after free nomination of candidates. These elections could be arranged by the trade unions, assisted by a proportionally composed nominating committee.

Real self-determination presupposes elections at every level at every place of work. In companies outside the fund system self-determination could be advanced through the co-determination law and through union negotiations.

Overarching guidelines for the social funds should be elaborated by cabinet/national parliament and regional parliaments. In addition to the regionally based funds there should exist a central levelling fund controlled by parliament/cabinet/ministry of industry and commerce. This fund should receive all returns from the shares of the regional funds. These money could be used for various aims. Extensive investments ought to be made in the public sector and vast regional contributions are also necessary.

Societal funds of this type would be hard to implement on a national level in the present internationalized economy. Transnational companies and financial institutions would, as earlier in history, carry out powerful countermeasures that seriously would obstruct or prevent the social funds from changing the power structures. But ideas about societal or union managed funds for influencing the power balance exist in several countries. Therefore one can imagine regional and national funds which are linked together to form an international system. This system could be one of many counterpowers to global capital.

However, such an international fund strategy has not been elaborated yet and needs continuing debate and theoretical development.

WAGE-EARNER OWNERSHIP, CO-OPERATION AND SOCIAL ECONOMY

A historical background

In contrast to a capitalist company which maximizes the owner profit, a worker controlled company maximizes the valorization pro worker – *i.e.* wages plus profit. It is an advantage of a worker controlled company that its workers do not need to invest as many resources in supervision and control as in a capitalist company. On the other hand it may be time-consuming to through debates conciliate of a strategy for production, investments, profits and wages.

A disadvantage of worker controlled companies is phenomena which also can be seen in capitalist companies with self-governed groups, especially among building workers with group piece wages. Those working collectives tend to hold down their membership and exclude underachievers in order to limit the number of sharetakers. This system also leads to unemployment, inflation and wage differentials which are not lower than in an unregulated capitalist market economy. There is also a risk that the workers award themselves so big a share of the valorization in form of wages that too little will remain for investments.

Criticism of modern capitalism in combination with the fiscal crisis of many countries have given ideas about self-governance a certain renaissance. Those ideas come from right as well as from left. The right uses them in their privatization propaganda, the left in their criticism of capitalism. From France emanates a new concept, "social economy", which 1999 was defined like this by the Swedish ministry of culture: "Social economy means organized activities which primarily are oriented towards societal goals, based on democratic values and independent of the public sector. These social and economic activities mostly take place in organisations, cooperatives, foundations and similar associations. Their main driving force is member good, not profit."

Away with graded shareholders' votes!

As the economist and politician C.H. Hermansson has remarked in his books about Swedish big finance, Swedish big companies are marked by an extraordinary power concentration. The Wallenberg family still dominates a large share of the leading companies even if some challengers have appeared. The share investing among the general public has strenghtened rather than weakened the power of big capitalists. The

smallholders' money are dominantly invested in funds, of which 80% are owned and controlled by the four largest Swedish banks, which according to law may own maximum 5% of the voting power in a company. This means that the restricted amount of owners who hold the power in a couple of big investment firms and foundations have been able to strengthen their power and ownership. The division in A- and B-shares facilitates for prior owners to keep power.

Reorganize the joint-stock company law and the taxation system! Strengthen wage-earner ownership compared to speculative short-term ownership! Abolish the division in A- and B-shares in a way that promotes wage-earner ownership!

The legal right to grade the voting value of shares now rightly is challenged even by LO economists. But the issue is not quite simple. A fast abolition could, given present power and ownership relations, mean that existing, rather solid owners were substituted by short-term and speculatively oriented capitalists rather than by long-term oriented and worker dominated pension funds.

A process for abolition of graded share votes should be initiated and coordinated with active wage-earner and other forms of non-capitalist ownership.

Cabinet and parliament should have legal right to stop and postpone closing-downs which are not motivated in a wider perspective. In certain cases the state should have right to take over.

Even Sweden needs legal means of the type which now are being introduced in France. This means that companies before closing down have to motivate this in a wider social and economic perspective. Higher profits in other places are not a valid reason. If the company cannot give an acceptable reason the cabinet should be able to stop or postpone the closing.

As a last resource it may be motivated that the state takes over a production which is in danger of being closed down. The aim would be to give the workers time to decide about a takeover or other ways of transferring the company to more responsible and long-term oriented owners, not that the state should save a production which was impossible to preserve in long term.

Co-operation and social economy

We estimate that at present (2001) the co-operative and societal economy holds about a 10% share of the Swedish GDP, though it is difficult to sort out co-operative from private ownership.

Support the established co-op movement and the independent savings banks in their competition against private capitalist alternatives!

Many Swedish leftists have been or are active in the established co-op movement (KF) or in housing co-operatives, some of them even in saving banks or in farmers' producer co-operatives. They always used to prefer the co-operative ownership form to the private capitalist form.

Today international competition has forced the "old" co-op movement to gradually adapt itself to capitalist conditions. However important differences remain.

Support the establishment of a popular bank!

KF as well as the co-operative insurance company of Folksam plans to (together with other companies) start competing with the big banks in non-complicated financial services. Those plans deserve our support provided that the new activities preserve a reasonable amount of co-operative ownership ideals.

We also ought to support the remaining savings banks, which still are rather independent, in their competition against the big banks. Even the new social economy contains some banks which we should support.

Support collective living and co-operative tenancy rights!

Not least important is to provide alternatives in housing where speculations and privatizations have expanded lately. Co-operative tenancy rights mean that a co-operative is formed and that the tenants rent their flats from the co-operative in a way that separates tenant rights from shareholder rights. You cannot buy and sell your flat as in tenant-owner housing. This form should be strengthened and expanded, foremost as an alternative to the selling out of public housing to become tenant-owner flats or to private real estate owners.

Collective living also deserves a strong support.

Laws for social co-operatives

Abroad, mostly in southern Europe, there exist "social co-operatives". They are workers' co-operatives which sell goods and services in the market. Many of the people engaged have some sort of physical, mental or social handicap. In Italy such co-operatives are a legally regulated company form. Several of its biggest companies in the building, agricultural or metal industries are co-operatives. Moreover there are special laws regulating their activities. For instance at least 40% of their workers must be handicapped. Surplus distribution is also legally regulated. If a company fulfils the stipulated conditions its taxes can be reduced.

Support the rise of new co-operative and self-governing companies as an alternative and a counter-power to capitalist production forms! Exclude non-profit companies from purchasing rules!

It is reasonable that on-profit companies be excluded from purchasing rules. However, if co-operation and other societal economic forms will be able to maintain themselves there must exist strong governmental regulations, a strong social ownership and influence over investments. These lacking, co-operatives as well as various forms of societal economy and wage-earners' ownership might end up as self-governing worker exploitation or become limited to influencing marginal parts of the economy. By themselves, those ownership forms have difficulties in overcoming the constraints and the control which emanate from the private capital. Of course there also must exist persons who are ready for an voluntary activity in those companies and associations.

TO CONCLUDE

Power and ownership still are unjustly distributed and economic power is concentrated to a slight minority. This is equivalent to a reduction of democracy. Lately a protest movement has begun to form, not only in Sweden but also internationally.

The time has come for the left and a united labour movement to raise an offensive against a development which leads to inequality and widening gaps among people. This calls for a developed analysis and policy in various issues, but as a first step we have chosen to concentrate on ownership strategy.

The strategic goal is economic democracy, a concept that we have described as a union of two inseparable perspectives: ownership as such and a democratically organized ownership.

A modern socialist strategy must build counter-powers on local, national and international levels. It must be based on a movement from below and a variety of ownership forms. The overarching strategy is to gradually expanding common, democratic ownership compared to private ownership so that a major part of the economy becomes democratic and commonly owned. By common ownership we mean social ownership (by national, regional and local governments) as well as co-operative and worker ownership.

A state ownership must be based on a general interest. We want a governmental national responsibility for such activities as communications, transports, energy supply and pharmaceuticals. The state also should act for developing new companies that may act as spearheads in important industries, for instance environment technology.

Every company which is owned by the national or local state should have an established ownership strategy. The general interest should be guiding, shareholders' meetings should be open to the general public and public employers should be good examples in their employer role.

For democratic reasons care and education should be publicly operated. Alternative operation forms as co-operatives may be important complements.

Local and regional governments must get more resources and their parliaments should establish policy documents stating how workers and users may be able to influence the operational forms.

We want to renationalize activities which have become privatized. Prioritized are those activities that now are operated by profit-seeking companies. In many cases a recover can come when a contract period expires. In other cases there must be a gradual recovering and a gradual reconstruction of public competence.

Our strategy also includes various proposals for commonly collected funds. Through their accumulated pension capital the global workers own more than the accumulated worth of the three biggest exchanges of the world. Yet they do not hold the power. We support union pension funds where the trade union movement organizes a common management of their members' pension savings.

We want the AP-funds to be more active. We can imagine new societal funds amassed from budget surpluses as well as regional funds built from for instance hydro-power profits. Moreover, we want to start a debate around international initiatives for societal funds which concern big companies.

Our strategy includes a support to the established co-op movement and independent savings banks. We also support the rise of new co-operative and self-governing companies as alternatives and counter-powers to capitalist production forms. We appreciate the building of a popular bank, collective living and collective tenancy rights. We want the law to facilitate the forming of social cooperatives.

The time has come to put questions about power and ownership on the agenda! We have not got all the answers but some proposals. Here a contribution to the debate.

Power and Ownership

To our English readers:

The document on Power and Ownership was adopted by the Left Party's (Vänsterpartiet) party board in April 2002. A working group, appointed earlier by this same board, had prepared a proposal of this document that was dealt with during a conference held in March 2002.

The working group consisted of four activists within the Left Party and The Centre for Marxist Social Studies.

The translation from Swedish to English was done by Gunnar Sandin.