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# Labour thinking on alternatives to private ownership

**Jane Lethbridge** *looks at some ideas discussed in a new report*

The report *Alternative Models of Ownership* was commissioned by the Shadow Cabinet to inform discussions about future industrial policy. Although it is not Labour Party policy, it does provide some insights into how the Labour Party is beginning to consider future economic and social policies and their links to a more democratic way of running organisations.

The report identifies the pursuit of short-term shareholder value as the main problem with private property ownership, which has led to increased inequalities and decisions which are not beneficial to long-term social and economic development. It explores the possibilities of cooperative ownership, municipal/locally-led ownership and national ownership. As well as arguing about the damage created by private property ownership, automation in the economy is discussed both in terms of a reduction in the number of jobs and as a radical change in the type of jobs. It concludes that automation will impact on the economy and the nature of work. It predicts that if there are no changes in the way in which work and businesses are organised then there will be job losses and rising inequalities. The only way of addressing these problems is to develop different types of work, new ways of organising working time and redistributing income and creating new jobs. The report argues that rather than see automation as just resulting in loss of jobs, particularly low-paid/low-skilled work, there could be benefits as long as work and the way it is organised are reformed.

The three forms of ownership are outlined with both advantages and disadvantages within current economic models, with suggestions about how a future Labour government could introduce legislation

and public policies which would help these three forms operate more effectively.

Five types of cooperatives are discussed: worker cooperatives; consumer cooperatives; purchasing cooperatives; producer cooperatives; and multi-stakeholder cooperatives. Cooperatives are democratic organisations controlled by their members, who control the capital of their organisation. The legal framework in the UK is not as prescriptive as in many other countries where a more precise definition is used, e.g. Italy. Examples of how cooperatives are run in France, Italy and Spain demonstrate their potential. In the UK, the differences between employee ownership and a worker cooperative are unclear. One of the problems facing cooperatives in the UK is that they find it difficult to access finance and, even in countries with a more favourable legislative environment, success is dependent on having secure access to capital. Two possible solutions to the problem are improved access to banking support networks or creating 'shelter' organisations which would provide direct access to capital.

Municipally and locally-led ownership draws from a long history of municipally owned organisations and can cover activities such as waste management, park management and the operation of public transport. Locally-led ownership refers to the involvement of local people in the decision-making of business organisations operating in a locality or region. It covers the sense of 'owning' the local economy rather than it being 'owned' by corporate interests, so that community interests are prioritised in any business expansion, leading to 'community wealth building'. This depends on the involvement of local government to create a

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supportive environment through its policies. The example is given of Preston, which has been working in partnership with the Centre for Local Economic Strategies to create 'community wealth building' by encouraging high spending local institutions, called 'Anchor Institutions', such as Lancashire County Council, Lancashire Constabulary and local colleges to procure goods and services locally. Other supportive activities in Preston include promoting credit unions and working with the local Chamber of Commerce to help retiring business owners sell their companies to their employees.

National ownership refers to public or state-owned enterprises which are created by government and operate commercial activities on behalf of government. Government may be a full- or part-owner and can provide some democratic accountability in the organisation of production. Examples of national public enterprises include the BBC, Network Rail and Highways England. There is evidence to show that publicly-run organisations are as efficient, or even more so, than private companies, which counters the argument used to justify the privatisation of many public enterprises in the UK in the 1980s. Publicly-owned enterprises are able to take a much more long-term view and borrow capital at a lower rate than private companies. They also provide services which are universally accessible for low and high income users, important in public services such as electricity and water. Many countries in Asia, with high rates of economic growth, have state-owned companies which provide long-term infrastructure support. The challenge for new state-owned enterprises in the UK is to create decentralised models which challenge the top-down model of many post-war state-owned enterprises and involve the workforce and stakeholders in decision-making. Some sectors may require different models of democratic control because they deliver services in different ways.

### Challenges

The report *Alternative Models of Ownership* challenges the dominant model of ownership and control and makes several recommendations for how a future Labour government could develop public policies which support alternative models of economic/social organisation. It recommends that key sectors of the economy are identified which should be the focus for action in relation to reversing privatisation, re-nationalisation and supportive legislation. A second recommendation is to draw up a list of public policies, including Right to Own, which would support democratic participation in

economic decision-making, which would be opened to consultation with stakeholders. A third recommendation is the creation of a network of activists/experts to discuss issues of governance in collectively/publicly-owned organisations.

This report has implications for education at all levels. How can people be prepared for working in more democratically-run organisations? This needs a radical rethink of how people are either prepared for work or supported to work in different ways. Introducing the idea of how workers can be the centre of decision-making at work would have implications for their participation in democracy more widely. Educational institutions could also start to think about how they could operate on more democratic principles.

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