



Economic Democracy and Mormon Workers

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Well-known French philosopher Jean-Paul Sartre once declared that “Until you have marched to the barricades with the workers of the world, life has no meaning.” In my years as a professor at the Marriott School, Brigham Young University, I’ve experienced the meaning he articulated as I’ve marched in solidarity with tens of thousands of workers in my travels around the globe—from New York to Los Angeles, from France to India, from Brazil to Kenya. We’ve called for justice, protested against oppression, fought for better wages, and countered racial discrimination.

Latter-day Saints should become aware of the range of tools and methods that have been implemented around the globe over the past decades to develop stronger economies, empower workers, and fuel greater productivity. These notions fit well with the Prophet Joseph Smith’s management style that was based on teaching people “correct principles” so they could “govern themselves.” Such strategies have been used to develop economies in transition such as the Third World, as well as redesign the new societies emerging from the former USSR and its satellites. Many of those lessons also bode well for economic renewal in the United States. While many individuals worry about the negative effects of globalization and Big Business spreading its tentacles around the world, there are also signs of resistance and self-determination. While the World Bank, the World Trade Organization, and the World Economic Forum meet annually to plan for expanded trade that will benefit rich nations, alternative groups gather in even larger numbers to strategize about more humane options such as the World Social Forum.

With the disastrous policies and practices of the Bush administration in recent years, the need to change course is obvious. What we’ve witnessed is greater concentrations of economic power and wealth in the hands of the rich. While the wealthy have benefited from tax cuts, the masses have experienced a widening chasm between the rich and the rest of us. The abuses on Wall Street have exacted a heavy toll on American workers and their families—from the Enron, Tyco, and dozens more cases of corporate corruption in high places in recent years to the Golden Parachute that the

head of Merrill Lynch, who was fired this month, received through his \$200 million severance package. The current subprime mortgage crisis is costing billions in losses to thousands of families who are suffering from home foreclosures, victims of unscrupulous firms ripping off buyers. Working class families are struggling from skyrocketing gas prices, while the power of the dollar has fallen to record lows against global currencies. At the same time, the number of new millionaires has accelerated in a nation that seems unwilling to cover health insurance for poor children.

Well did Brigham Young and his associates warn of the concentration of wealth in America in the hands of a few. As Latter-day Saints our task today must be to reverse the financial losses of recent years, and the ways to do this must center on empowering workers and their families to regain control, not just over politics, but over the workplace. Europe has models of potential use for our future. We may see that many trends significant to American industry today are to be found in Europe. It is from there that we derive our roots—the Judeo-Christian ethic, our major theories of political democracy, economic development, and indeed, most of the underpinnings of our contemporary culture.

Below I highlight several organizational and economic changes in Europe and the U.S. which suggest ways for workers and citizens to regain clout and rebuild their economic lives. I will explore several ideas for restructuring organizational power that have emerged and discuss their implications for changing the world.

European Worker Empowerment

After 200 years, Europe is again giving birth to a new industrial age. The first was a technological revolution, an era of mechanization and mass production, of assembly-line organizational logic and the triumph of the machine. The second revolution going on now is a transformation of power, a shifting of economic and political control in society, from the few to the masses, from the owners to the producers of labor, from the haves to the have-nots. The results are yielding significant outcomes as the social structure is altered, as political expectations change, as a new psychology of entitlement emerges, and the nature of work itself is redefined.

Instead of merely reporting to work and receiving orders for the day, the new worker's role is one of decision-maker and policy setter. The experiments of the 1970s and 1980s have been institutionalized in the 1990s and into the current decade of 2000. The past decade, especially in Eastern Europe, can be characterized as the most sweeping economic reform of the 21st Century. While the arguments from the political left and right vary on how to distribute the fruits of labor throughout society, the debate about whether to share the benefits of production more widely is all but over.

The impetus for this began immediately after World War II when France launched the drive toward economic democracy by establishing mandatory works councils in 1945 wherein trade unions and top managers established a collaborative process for joint decision-making. Germany went further in 1947, allocating to workers one-third of the board of directors' seats in the coal and steel industries. Since then, an explosion giving rise to full-fledged economic democracy has culminated in over thirty changes in corporate-union relations among some ten countries.

Today in many advanced countries of Europe, a job no longer means simply arriving on time, operating a machine, and producing one's quota of quality products. Work has been infused with the notion of individual rights, the quality of working life, and the democratizing of corporate bureaucracy from the shop floor to the boardroom. Whether the national rhetoric is capitalistic or democratic socialism, the underlying thrust is a push for participation and power. For millions of workers across Europe, these new institutional forms have been created in order to guarantee the redistribution of power.

In attempting to mitigate a rebirth of Nazism after World War II, the West German government attempted to democratize the economy by giving workers board of directors representation in key

industries. Since then, the percentage of workers' board seats has grown from 33 percent to parity (50 percent) in Germany. Similar legislation is now on the books in the Scandinavian countries, France, the Netherlands, and Austria. Over the past decade the European Union has recently been implementing a two-tier board system for all European companies in which the top level has equal representation for workers and executives, with a second-level board consisting wholly of upper management, accountable as a group to the top board. Foreign firms such as those from the U.S. are not exempt from these power-sharing arrangements. Some nations mandate co-determination only in certain industries, and only in large companies. On the other hand, Sweden requires labor representation on the board of all firms employing 25 or more people.

Beyond works councils and board seats, European worker ownership has emerged as another tool for economic well-being. During the 1980s in Poland the heroic trade union, Solidarity, demanded as one of its core economic reforms a program of workers' self-management and ownership. That effort helped bring down the Iron Curtain, and eventually led to the union's leader, Lech Walesa, being democratically elected as the first president of a free Polish society. Since then the ownership strategy has spread. For instance, backed by a number of government initiatives in the UK, today there are thousands of worker-owned businesses and producer cooperatives laboring in everything from construction to manufacturing, plastics to software.

Perhaps the best known and financially successful case of European ownership by labor is the Mondragon Cooperative complex in Spain's northern Basque region. From its humble launch by five young men, it has expanded to over 60,000 employee-owners presently who operate factories throughout the region and beyond. With ownership of stock in 200-plus enterprises, they do \$6 billion dollars of business annually. They elect their peers to seats on company boards, control the use of profits, and decide where and how to invest their capital in a multi-billion dollar system which emphasizes a deep commitment to no layoffs and increasing integration of education, enterprise, and even a workers' bank with some 300,000 depositors.

Mondragon seems a perfect fit with the counsel of Apostle George A. Smith who told early Provo pioneers to "cooperate together and build a factory" which would be their own, rather than let "the cotton lord and the millionaire come here to hire you to build factories...." His goal in early Utah's Zion was to develop cooperation and unity, and share the profits of the group among all, rather than have only a few families become rich. Ultimately the vision was that of the United Order, a system in which equality and unity were chief characteristics.

U.S. Workers' Clout

While the shifts toward worker participation have perhaps been more dramatic in Europe, the American case during the recent past also suggests the seeds of economic empowerment for the blue collar sector of society.

For instance, dramatic alterations are appearing in the old manufacturing industries of the Northeast United States. To combat community deterioration caused by off-shoring jobs, capital flight to non-union regions, conflicts and strikes, and low productivity, dozens of cities have created area labor-management committees. Among the most widely heralded successes are those of Muskegon, Michigan and Jamestown, New York, where union officials, industrial owners and managers, and elected representatives of the public have created regional councils engaged in cooperative power sharing and problem-solving.

In many cases such efforts have led to reduced work stoppages, improved health and safety records, the retention of once-threatened jobs, and revitalization of the regional economy. These new forums for anticipatory joint planning, rather than post facto reactions to a crisis, have resulted in job guarantees, improved percentages of corporate bids on new work, redesign of plant layouts, and community-wide commitment to a better quality of life.

In the labor concessions of recent months during 2007 it was not so much a period of union givebacks, but a tradeoff. In numerous cases workers agreed to not demand huge wage increases, and even to accept changes in health and other benefits which minimize costs to the firm. However, labor also sought and gained power in exchange for such agreements, illustrated by new contracts at Ford and General Motors where agreements with the United Auto Workers led to decisions to not close down assembly plants, and to reduce outside competitive buying of parts. Likewise, American Telephone and Telegraph agreed to consult electrical workers' "technological change committees" before any innovations were implemented that previously would have resulted in job losses. Elsewhere, workers at several airlines have gained seats on their firms' boards of directors so they could monitor corporate performance and have access to critical financial data.

American Worker Ownership

Perhaps one of the most fundamental signs of the new industrial revolution in America is the shift toward workers' self-management and employee ownership. Sharing in the fruits of one's labors has been an evolutionary idea for some years, illustrated by the proliferation of profit-sharing schemes, Scanlon plans, and newer programs like Improshare. However, more recently, employee stock ownership plans (ESOPs) have mushroomed. As a strategy for economic democracy, in some cases, the workers simply obtain stock through special company arrangements, illustrated by Hallmark Card, Ben & Jerrys, and Hewlett Packard. In hundreds of cases during the last decade, small business entrepreneurs have also turned their firms over to their employees upon retirement. In other instances, workers and communities have fought imminent plant closings through the tactic of a worker buyout, and thousands of jobs have been salvaged.

All told, today there are over 10,000 worker-owned firms across the country, employing at least nine million worker-owners whose stock is valued at over 400 billion dollars. In the United States, when one speaks of worker ownership, the idea is often rejected as socialism. Curiously, however, congressional legislation reveals the notion of employee ownership to have widespread bipartisan support in Congress, and even in the White House. As billionaire Leland Stanford, founder of the university that is now his namesake, put it: "Labor can and will become its own employer through cooperative associations....They possess sufficient intelligence...to enjoy the entire benefits of their own labor."

So today worker ownership is growing, from plywood cooperatives in the Northwest to an insurance company in Washington where workers elect their own managers. From Okonite, a premier quality wire and cable firm with six operations from coast to coast to the Springfield Remanufacturing Company in Missouri, which was bankrupt and shuttered, but is now a healthy business; from Parsons, a Pasadena-based engineering business with 12,000 worker-owners to Science Applications International in San Diego with 41,000 employees; from large-scale agricultural co-ops such as Sunkist to new wave collectives in light industry, crafts, and other economic alternatives. Likewise, some 143,000 employees now own the majority of shares in Publix supermarkets, headquartered in Florida—enjoying significant economic clout as working shareholders of a hugely successful \$21 billion supermarket chain, one which is among the ten largest in America.

Conclusion

What we need among Mormon workers today, whether in America, or around the world, is to unite in pressing for systems of economic democracy in which they hold seats on company boards of directors, have a voice in decision-making, and seek to overcome the split between capital and labor. As John Taylor put it over a century ago, we should become "co-adjutors and co-laborers" with God and men.

This also means that LDS executives and those who control the world's wealth need to change their managerial values. In the words of George Q. Cannon, apostle and long term member of the church's First Presidency, "The time has come when the talents of the men of business shall be used to benefit

the whole people...not for individual benefit alone, nor for individual aggrandizement alone, but for the benefit of the whole people, to uplift the masses....”

Whether we can do these things and transform not only the workplace, but the larger society, is a real question. But we have the models for doing so. Both in Europe and the U.S. there are highly successful and profitable firms which liberate not only workers, but management as well. In addition for Mormons, we possess the scriptures and teachings of modern prophets to provide the vision and spiritual values for changing the world of work. Apostle Erastus Snow was emphatic in this heavenly view, emphasizing that we need to “be self-reliant” and understand and manage the costs of production. He called for a new order that “embraces labor as well as capital, and it designs to make the interests of capital and labor identical.” Such is the call to action for the modern Mormon Worker!

The author has drawn from several sources for this article including unpublished manuscripts and his book, *Working Toward Zion* (1999), co-authored with James Lucas.

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Poster: Ron Madson
thanks for all your contributions including this article.

Are we approaching or recoiling from zion?

Ron M.

Poster: David Haglund

I just finished "Post-Capitalist Society" by Peter Drucker a few months ago, in which, among other things, Mr. Drucker points out that workers, by and large, do control the capital or means of production today via the 401(k) funds in which they have their employee savings account money, and which own most stock in the US and, perhaps, the world. Having also read a little of Dickens, I can say with some confidence that the life of the working Joe seems to be improving as the decades roll by.

Still, we have a ways to go before we can say that workers and managers belong to the same phylum, let alone species. Managements routinely give themselves guarantees which are not mirrored in employee contracts. Managements routinely impose conditions in a way which the workers can not. Most galling, managements routinely give themselves pay increases in spite of (and sometimes, BECAUSE of) pay cuts imposed on the rank and file workers.

A CEO was interviewed some years ago about what he was going to do with the record profits his company had earned/created/gener ated (choose your word). He replied that there were only three things to do with profit: pay off corporate debt, pay a dividend to the stockholders and/or invest in company plant. There was not a word about some fraction of that record profit being distributed among the worker bees who had generated it. I am aware that a bonus given to each worker comes under the heading of wages, which are deducted from corporate income, and would, therefore, technically not be counted as a distribution of profits, but I feel safe in asserting that such a bonus was not paid. This is the mindset I would like to see change.

One of my favorite Old Testament-isms is this (and you can use it on the masthead of this paper if you tire of using "Correct Principles...") -

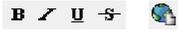
Thou shalt not muzzle the ox that treadeth out the corn.

I've dabbled in management, and - like most things - it's harder than it looks. Management earns their bonus money when they lead a company to profitable years, but then, so do the workers.

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