The limits of common ownership

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this adds to the local mass of people who have no other way to survive.

In Mr. Rey's view, the criterion for repatriating a young Swiss at tax-payer's expenses should lie in his "change of mind." Like the prodigal son, he should be able to say "Switzerland is a nice place after all." He should have plans for the future, and hopefully, the will to carry them out.

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THE LIMITS OF COMMON OWNERSHIP

The *Financial Times* devoted an analysis on the Scott Bader Commonwealth on the eve of the Ernest Bader 1974 Lecture which took place at the beginning of November. We reported on the Scott Bader Commonwealth, the most important and oldest experiment at industrial co-ownership in Britain, in our issue of 13th September. The Scott Bader Commonwealth was founded in 1951 by a compatriot, Mr. Ernest Bader, who abandoned the chance to become inordinately wealthy by giving the shares in his successful chemical company to a holding company, the Commonwealth, owned by all its employees.

The *Financial Times* article by Roy Levine recognises that this system has proved successful, indeed the most successful in the chemical industry, by most financial yardsticks. Thus the employee turnover at Scott Bader is about 10 per cent whereas it is 15 per cent in the chemical industry as a whole. The firm is in the top of the tables for sales per employee and return on capital employed. But this, says the *Financial Times,* quoting an economist who is a Scott Bader trustee, "does not prove that the Bader system is superior by conventional (i.e. economic) standards, it merely demonstrates that it is not incompatible with them."

The *Financial Times* finds a number of shortcomings to the system. According to Roy Levine, the impression gathered from a visit to the firm's 45-acre estate at Wollaston is one of lack of motivation. Levine feels that the Commonwealth, with its missionary expansion behind it, lacks "firm direction."

The arguments put forward against the system is that by spreading out responsibilities, decisions are slow to be made and only as a result of much questioning at all levels. It appears that not all the employees appreciate the responsibility which is vested in them. Many employees are "apathetic" and show little concern about the fortune of a company which is partly theirs. But some others do. The Secretary of the Commonwealth, quoted by the *Financial Times,* says that "instead of the pitched battle between management and union, I can give undivided loyalty to the firm, which is partly mine. I do not feel wealthier but do feel I am working for myself. This brings a sense of responsibility and hence a greater commitment which has made me a happier man." So it would appear that Ernest Bader's ultimate aim, to promote spiritual development in the working life, is attained by *some* of the Commonwealth's partners.

The *Financial Times* believes that the system operates well on a small scale. Scott Bader employs 437 people, which is already above the limit of 350 laid down in its formation. It is doubtful that its example can be applied to the rest of industry in a modern country since creating a labour-intensive industry would be economically inefficient, and reminiscent of the days of the "Great Leap Forward" in China, when innumerable villages had their own blast furnace.

Another disadvantage mentioned by the *Financial Times* is that the Commonwealth is not likely to take risks. Its profits are retained, given away to charities, and handed to employees in proportions fixed by the Constitution. The employees being mainly concerned with their share of the profits (£123 in 1973–74) would be more conservative than ordinary shareholders who know that their assets represent a risk capital that can depreciate.

The Commonwealth doesn't provide for redundancies and the *Financial Times* wonders how the problem will be handled in the face of a likely recession. Finance could also prove a problem since its profits, however high they may be, are taxed at 52 per cent, and with rising costs the Commonwealth may have to find outside resources. But, according to Roy Levine, "the most succinct judgement on the limitations of common-ownership was Ernest Bader's statement to me that 'human nature must change'. Clearly," adds the writer, "any new system must allow for human nature as it exists."

Levine ends his report by recalling that, in Ernest Bader's own words, the co-operative movement formed in 1844 "is now largely run as a conventional business . . . and there is little sense of real democratic ownership or communal management". This historical fact resulting from the weight of human nature could be inevitably repeated with the Commonwealth, which is meant to develop as a "model of a new social order demonstrating a new industrial way of life." Ending rather sceptically, Levine notes: "If that aim fails for the whole of industry, and it is arguable that it will, Ernest Bader at least deserves a monument for trying."

Some ten common-ownership firms with a combined turnover of around £1m (excluding Scott Bader, whose turnover is nearly £10m) are grouped in the Industrial Common-Ownership Movement (ICOM). The John Lewis Partnership has preferred to remain outside mainly because of its size (there are some 23,000 "partners") but it is in close liaison. Most of the member companies have been financed by an associate body of ICOM called Industrial Common-Ownership Finance which has so far attracted some £50,000, mainly from Scott Bader.

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