

IDEOLOGICAL SOURCES OF THE ECONOMIC DEMOCRACY AND ITS HISTORICAL DEVELOPMENT

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Abstract: In the paper, the author elucidates the fundamental characteristics of the economic democracy. Therefore, the concept is also introduced through its historical development beginning in the 18th century up to present day. Particular space is devoted to the development of the concept in both theory and practice of the former Czechoslovakia. The focus is on the ideological diversity of the authors developing the concept of economic democracy, as well as the heterogeneity of the interpretations of its content.

Keywords: economic democracy, employee participation, profit sharing, cooperatives, workers' councils, company ownership

1. Opening reflection

Steadily deteriorating social position of workers in many strata of the population, in the most developed regions of the world as well, combined with a gradually intensifying elimination of the opportunities for their active participation in decision-making processes at the macro and especially micro levels of the companies, are the evidence of the need for search of an appropriate alternative to the more or less successfully realized versions of both capitalism and socialism, which are both seemingly the only two forms of economic and political organization of the society. On the outwardly simple but true dichotomous model of an arrangement of the great collectivity of humanity mentioned above, i. e. society, Marx and Engels (1948: 39) pointed out vigorously in the mid of the 19th century. They grounded both the "bourgeoisie and proletariat" into the irreconcilable conflict as two "great classes directly facing each other". The division may seem to be anachronistic as a result of the creation of the so-called information society. In connection to this "it is not fashionable to talk about class these days, certainly not about a "capitalist" class" (Schweickart, 2002: 106). "Contemporaneity is a witness of the institutionalized confrontation of both the modern capitalism and the employees (workforce), where in a market economy there is a clash of competing interests" (Kováčik, 2009a: 95). It is apparent that, despite its long life and various ideological accretions, aforementioned *class polarization* is still up to date. Even the existing political parties of the capitalist (or – using Dahl's terminology – polyarchic) world still derive their existence and associate the promotion of their interests, and fight for voters with the help of this polarization.¹

Long-acting globalization of particular economies, augmented by occasional but very large fluctuations in the world economy, materialized in the form of economic and financial crisis, coupled with the ever increasing pauperization of the broad segments of the population, especially in the underdeveloped countries, with virtualization of the financial sector, and the wage polarization of workers in different areas of the economy, caused many seemingly irreparable damages. Apocalyptic visions of the world and the fate of its inhabitants do not help the recovery. Also, various economic experiments and destructive political ideologies have been hampering the possibility of a more radical revision of those ways of decision making which had destabilized the economic, political and social order of the world.

¹ "Political parties under capitalism have historically represented different class interests: slave owners versus employers of wage labor, landed capital versus industrial capital, farmers versus dwellers, capital versus labor. Of course, parties must always cast themselves as representing universal interests and must appeal to an electorate beyond the narrow bounds of class, but the longevity and stability of political parties, when they are long-lived and stable, have depended on their representing distinct and enduring *class interests*." (Schweickart, 2002: 153-154; italics: M. S.). On the other hand, as pointed out by Andrew Heywood, today there is "a departure from the old class polarities and shift to new political issues, such as the environment, animal rights and feminism..." (Heywood, 2008: 319).

It seems that in contrast to political power which is constant (each voter has one vote), economic power exceedingly grows: almost each holder of capital holds progressively more capital (cf. Ringen, 2004: 19). These factors significantly contribute to the destabilization of the population's certainties of life. The current situation of the world economy and the long-lasting existence of factors negatively affecting the status of the workers around the world, both require acute and complex solutions. "The structure of modern corporate organization points out the need to supplement the existing system of citizens' political rights with a similar set of rights, but this time concerning the sphere of labour law [...]" (Kováčik, 2009b: 150-151). This new system of rights is represented by the so-called theory of economic democracy (do not identify with Downs' economic theory of democracy). The theory has been given only slight attention in Slovak and Czech scientific literature, as well as in the entire Central-European set of scientific publications. This theory has been particularly elaborated in the American political and economic science for decades, and is a major milestone in the feasibility of the democratic mode application in the field of economic units, i. e. the enterprises or privately owned firms.

In the following text, I will try to outline the basic principles of economic democracy, pointing to its anchorage in the sphere of political ideologies, more specifically to the ideological sources that the economic democracy theorists have been drawing from. By giving the examples of specific cases, I will try to illustrate the history of the development of the concept of economic democracy on a theoretical as well as on a practical level. Special room in this historical "conjunction" of the economic democracy will be dedicated to the history of Czechoslovak, or more accurately Czech tradition of the employee participation, which is a phrase that can to some extent be regarded as synonymous with the term economic democracy.

2. Features and principles

In general, it is hardly possible to identify various theorists' views on what constitutes the content of economic democracy (henceforth, E. D.). Nevertheless, the views of individual authors can be summarized into the list of three main features, which give an appropriate picture of what is the quintessence of E. D. Such delimitation will facilitate a fluent transition to the identification of its main ideological assumptions. The aforementioned features are:

I. *All workers directly share the ownership of the enterprise they work in.* It means that the "ownership of the firm is entirely in the hands of some or all of its employees" (Hansmann, 1998: 43). Such participation on the ownership is frequently realized through the sale of shares to employees (Adamová et al., 2001: 40).² It is based on the assumption that "if employees are co-owners of the company, the motivation to work is greater because their final reward depends on this as well. They are motivated alike private owners in a case of the ownership of the enterprise" (Blaha, 2009: 389). It is important to realize, however, that the share-principle of the employees does not bar the socially vulnerable population from the opportunity to work in this type of business. By "socially vulnerable population" I mean those who cannot become the co-owners because of the lack of the financial resources. Sharing the ownership of the enterprise is not a category that would be added "extra" to the job title. To put it simply, profit-sharing is automatic, the employee becomes a co-owner of the enterprise simultaneously along with the signing of the employee contract.

In this context it should be noted that such workers' sharing of the company ownership is not identical to what some authors

² The transferability of these shares is feasible only with difficulty, or cannot be achieved at all.

describe as “shareholder democracy”, where the weight of the voice (or votes) of an individual is equal to the number of the shares she owns. Dahl (1995: 298) writes that “democracy requires that each citizen's vote should be counted equally, a requirement that cannot be met by equal sum of the votes for each share”. This is a difference between traditional capitalist firm where the number of votes is identified with the number of shares (one vote per share), and “economic-democratic” enterprise operating on the basis of “one person – one vote”. It may therefore seem that certain egalitarianism cannot be avoided. On the other hand, one can imagine a situation where employees of a democratically-managed enterprise will be divided into groups according to the type and complexity of work performed. Appropriately, these groups will be allocated a number of shares per employee. The principle of equality, however, will have to be preserved; i. e. the number of shares does not affect the weight of the vote. An analogous situation is also common in democratic elections when citizens choose their political leaders. Regardless of the size of the property, each voter has just one vote.

II. Employees – shareholders *freely and democratically choose their immediate supervisors – managers, according to the principle: one person – one vote.* These supervisors are akin to “administrators” of the enterprise. Their activities are subordinated to other company employees who participate in and control their decisions. Managers are to those employees (as to their electors) accountable and consult all their major decisions with them, particularly those with long-term effect on the activity of the enterprise and its employees. Of course, the strategic decisions of particular importance are not the privilege of a narrow circle of managers, but remain the responsibility of the whole community of workers. An important question is the method of choice regarding the election of these managers. As the income of workers is proportional to the financial health of the company, it is natural that each person will be prone to select only highly qualified and well-trained managers (cf. Schweickart, 2002: 61).

Since the company, like a state, according to Robert Dahl (1985: 115) can be seen as a political system in which relations of power exist between governments and the governed. The workers, in terms of E. D., can be called “members” (Ehrenberg, Ljunggren, 2003: 15; Dahl, 1985: 104), or – as Dahl (1985: 109) also calls them – “citizens-members”, or simply citizens of a firm (Dahl, 1985: 118; Svensson, 1995: 202).³ In general it is presumed that the citizens of the state have the best knowledge of what problems need to be solved in their country and where the possible lacks of the governance reside. According to their right of vote and their conscience and belief, the citizens choose their political representatives who they deem to be eligible to solve the practical problems stemming from everyday practice. We may apply the same argument put forward in the theory of E. D., to advocate employees’ choice of managers. Employees “are in daily contact with the firm's operations, and are knowledgeable about some aspects of them; and they are easily organized for collective decision making” (Hansmann, 1990a: 307). It means that “they are better informed about the enterprise, because they have the information right from the source” (Svensson, 1995: 204). This co-presence of the employees at the management of the firm is benefited by the usage of practical knowledge and skills coming from the employees and thus enhances their initiative with the aim to improve the labour organization and to upgrade the technology used in the firm. Related to this, it is worthy to remark that though a democratic firm is governed as a unit by its employees, some competencies may be delegated. However, this cannot be confused with the allocation of the competencies. Dahl (1985: 118) comments that „citizens (in terms of employees, as mentioned above, M. S.) are competent to decide whether they

³ As Dahl (1985: 114) points, „Unlike citizens of a state, one might object, workers are not compelled to obey managerial decisions; their decision to do so is voluntary. Because a worker may choose to obey the management or not, because he is free to leave the firm if he prefers not to obey, and because he cannot be punished by management for leaving, some would argue that his decision to obey is perfectly free of all compulsion.“

are themselves sufficiently qualified to make the decisions collectively through the democratic process; and on matters they do not feel competent to decide for themselves, they are qualified to set the terms on which they will delegate these decisions to others.”

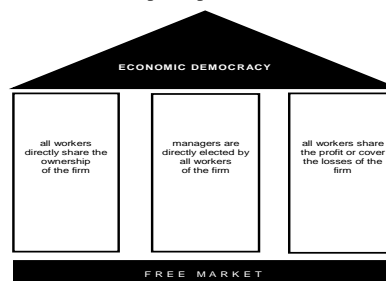
In terms of manual workers and managers, it is also necessary to add that the wage differences amongst these two groups of workers are not very remarkable as we can behold in regular enterprises of free market economy. Generally manager's wage does not exceed 4.5 times the amount of a manual worker's wage (cf. Blaha, 2009: 395).⁴

The demand of democratically elected managers is decisively not created upon unrealistic foundations. Direct calls for the application of this managerial modus could be found in the works of numerous distinguished theoreticians, of whom we may mention John Rawls. In his accomplished work *A Theory of Justice*, he states that firms “are for example governed by workers’ councils or managers elected by them” (Rawls, 1995: 172). Similarly declares I. Wallerstein (1998: 78) when solving the issue of firm's efficacy, he asks for the necessity to “assure some form of workers’ participation on a high level decision making”. Slightly differently, but in the same spirit, Michael W. Howard (2007: 418) gives the right to vote to the employees, as well: “Managers are hired by a board of directors elected by the workers, on the basis of one person, one vote”.⁵

III. The third characteristic feature is the *employees’ participation on the profit sharing or covering the firm's losses.* Whereby we may also apply the same consensual principle which is also put forward at the aforementioned employee governance and firm's management.

All of these characteristics forming E. D., as well as their relation to free market, are clearly illustrated in the following scheme.

Scheme: Foundations and principles of the economic democracy



Source: the author

3. Ideological connotations of the definition

The concept of E. D. is viewed differently by various theoreticians. We may conceive it to be inherently bipolar. Firstly, as a “theoretical curiosity” and on the other hand as an “ideological aspiration” (cf. Hansmann, 1998: 43). Its “pure” form means, simply put, that “every worker is an owner and every owner is a worker” (Lane, 1985: 624). It also involves “various forms of collective worker participation in important decisions at the workplace” (ibid.). The authors of various

⁴ Dahl (1985: 106-107) explains similarly when he writes that “within self-governing enterprises the distribution of income and wealth would be significantly less unequal than it will be in a system of corporate capitalism.”

⁵ David Schweickart (1992: 19-20) aptly describes this feature of E. D. writing: “Each productive enterprise is managed by those who work there. Workers are responsible for the operation of the facility: organization of the workplace, factory discipline, techniques of production, what and how to produce, how the net proceeds are to be distributed. Decisions concerning these matters are made democratically: one person, one vote. In a firm of significant size some delegation of authority will doubtless be necessary. A workers’ council or general manager (or both) may be empowered to make certain kinds of decisions. But these officials are elected by the workers.” Similarly Dahl (1985: 104) writes: „In self-governing enterprises, the members themselves would decide on the principles according to which wages, salaries, and surplus were to be distributed among the members.“

ideological paradigms and schools are biased when dealing with the issue of E. D.⁶ Before the fall of the iron curtain, E. D. was frequently seen as a “middle way” between the corporatist and “imperialist” American capitalism and the dictatorial Soviet etatism (cf. Christie, 1984: 113).⁷ Nowadays, the concept is familiar among some leftist scholars, who promote it most vigorously. They adopted the Marxist scheme of a class-divided world and thus call for ultimate transformation of the capitalistic system. Appropriately put by M. Fisher in his publication *Capitalist realism*: “We need to formulate a strategy of struggle in a relation to work and to those who control it. We have to enforce an authentic autonomy of the employees...”

However, individual leftist authors are not united over the interpretation of E. D. They construe it as: a) a form of socialist alternative to capitalism, opposing the “capitalist mantra” mostly popular in the 80s during Thatcher’s and Reagan’s government, also known as TINA: „There is no (viable) alternative (to capitalism)“, b) as “the successor-system to capitalism” (Schweickart, 2002: 171), c) as a *condicio sine qua non* of the “political democracy” which “would become a purely formal institution, if not accompanied by an adequate economic, social, cultural and moral background” (Hába, 2007: 272) or d) it is used as a theoretical concept subordinated to “social-democratic” understanding of economics and law (e. g. Ehrenberg & Ljunggren, 2003).⁸ This view is fully acceptable for economic neoliberals, such as Michael Novak. He (Novak, 1992: 106) labels the E. D. as a “socialist ideal” which he characterizes as a “subordination of the economic system to the political control”. Such ideologization of the E. D. concept is therefore not surprising, since – as Drew Christie (1984: 119) correctly notices – “economic democracy draws on two great traditions of political thought. From the liberal tradition, it takes the emphasis on political and civil liberties, the call for equal opportunities, the belief that inequalities of the distribution of wealth must be justified... From the socialist tradition, economic democracy takes the conviction that great inequalities in wealth are inherent in capitalism, a concern with the nature and organization of work, a belief that undemocratic modes of organization severely limit the realization of the liberal’s call for political and civil liberties, and a rejection of the conception of property rights prevailing in Western democracies” (ibid.). She also adds that this combination of the two ideological streams “lead some to conclude that economic democrats form the left wing of the liberal tradition and others to conclude that it is the libertarian (bourgeois?) wing of the socialist tradition” (ibid.).

The problems of ideologization have been recently commented by David Miller (2003), one of the most famous current political theorists. Although he uses the term “market socialism”, its meaning is the same as the one of E. D., as we shall see. He claims that “[t]his is not the communist utopia favoured by Marx and other radical socialists...” Miller tries to find the right meaning of the “market socialism” by connecting it with the social justice. According to him (op. cit.: 90-91) “the pursuit of social justice may point us towards a form of market socialism in which economic enterprises are owned and controlled by those who work in them, rather than by outside shareholders, so that profits can be shared among the actual producers”. In his earlier work *Market, State, and Community: Theoretical Foundations of Market Socialism* (1989) he even suggests that “co-operative economy could provide an alternative, market-based, economic model for socialism in the West” (Carter, 2003: 2). This, to some extent eclectic approach, also points out that the concept of E. D.

or we may say market socialism or cooperative economy (these terms can be used as equivalents), converges to the aforementioned theory of the transformation of capitalism. Surprisingly, some support of E. D. can be found even among right-wing theorists, especially because, as Neil Carter noticed, it turns workers into “risk-bearing entrepreneurs by forcing them to raise money in the capital market” (Carter, 2003: 3). On the other hand, many contemporary Marxists are sceptical about the possible existence of “islands of socialism” flourishing in the “sea of capitalism”. They behold the fact that democratically operating businesses “cannot avoid the determinism of the market, which imposes capitalist principles of organization, such as hierarchy, wage differences and low wages” (ibid.). These businesses cannot ultimately succeed by any other way than by the transformation of the “classical” capitalist enterprises. Consecutively, it means that “if they fail to conform, they will fail as economic enterprises” (ibid.).

The implied ideological connotations of E. D. do not indicate only the influence of liberal and socialist tradition but the political democracy and capitalism itself, as emphasises R. E. Lane. In general, “support for political democracy would seem to promote workplace democracy, while support for capitalism would seem to retard it” (Lane, 1985: 627). A paradox outlined by D. Robertson (2004: 237) is that “a full-blooded theory of industrial democracy, however, is an entire rival theory both to capitalism and to communism’s system of state ownership”. However, we may not only find theoreticians who often ideologize E. D. As Henry Hansmann (1990b: 1810) wrote at the beginning of 1990s, also common Americans saw workers’ ownership, one of the basic features of the E. D., as “socialistic and therefore evil”.

Sandra L. Albrecht (1983), unlike other authors, does not ideologize E. D., but she considers it to be one of the many participatory forms, nominally: „collective bargaining“ (also called “conflictual” or “adversarial” participation) – the basic thesis of which is that “equal parties come together to negotiate the terms of employment” (Albrecht, 1983: 48). She also includes into the participatory forms “Workers’ Representation on Boards – Codetermination”, „Joint Consultation and Information – Works Councils“, “Humanization of Work“, and “Self-management and Workers’ Ownership“ (an example of this type of participation is the former Yugoslavian economic system).⁹ Robert E. Lane attempts to gain an ideologically unbiased approach. He includes in the concept of E. D. “all substantial shifts of power from management to workers, therefore excluding minor forms of grievance procedures, token profit sharing and pro-forma representation on a board of directors” (Lane, 1985: 624).

Despite the existence of apparent inability to define E. D., there are some attempts to define it most eloquently. Christie (1984: 113) defines it as an “egalitarian form of political-economic structure in which a serious attempt is made to democratize the economic sphere, including workplaces”. Albrecht (1983: 58) depicts it as “the transfer of decision-making rights of the economy from the few to the many”. Dahl (1985: 91) considers “a system of economic enterprises collectively owned and democratically governed by all the people who work in them”. Giovanni Sartori (1993: 12-13) characterizes E. D. in two levels: 1) “this notion denotes democracy, the political aim of which is redistribution of wealth and equal accessibility to economic possibilities and conditions”; 2) “economic democracy relies on the application of equality, as far as the control of economic production process is concerned”. The mentioned author amends its Marxist view according to which E. D. “does not anticipate political democracy, on the contrary, it is being excluded and substituted” (ibid.). David Schweickart (1992: 19) clearly and undoubtedly adjusts E. D. to his ideologically stigmatized view of reality marking it as a “worker self-managed market socialism“, which „presupposes political democracy“ (ibid.). After all, Nadia Johannisová attempts to create her own (rather

⁶ „Industrial democracy or industrial participation (...) is espoused in a surprisingly wide range of ideological positions“ (Robertson, 2004: 237).

⁷ Dahl (1985: 55-56) expresses in a similar way: “...I want to consider whether it might not be possible to find an alternative to corporate capitalism that would be just as efficient and would at the same time enhance the values of democracy, political equality, and political liberty.”

⁸ Authors attempting to forcibly identify E. D. with socialism or some form of it may, however, be pejoratively labelled “useful idiots”, using the famous Lenin’s words, which formerly named the Western leftist intellectuals, who uncritically and enthusiastically adopted Marxist philosophical elements into their own (bourgeois) thinking. They were called “useful idiots” because of talking about both Marxism and socialism as of good ideas, whose only method of implementation in history had been proven wrong.

⁹ More see in Albrecht (1983: 47-58).

specific) definition, regarding E. D. (similarly like Schweickart) as “a corollary of political democracy and a *sine-qua non* of true democracy” (Johanisová, 2007: 28).¹⁰ Johanisová together with Wolf (2012: 564) subsequently describes the E. D. “as a system of checks and balances on economic power and support for the right of citizens to actively participate in the economy regardless of social status, race, gender, etc.”

The basis of all these efforts to find an appropriate definition of E. D. is the thesis postulated by D. Bell according to whom “the arrival of market economy and industrial revolution was not voted for” (Bell, 1999: 220). This definition could be supplemented with Swedish trade unions motto of the 1930’s: “Democracy cannot stop at the gates of factories” (Blaha, 2009: 385). This quote remotely resembles the motto of American revolutionary struggle for independence: „No supervision without representation“, since – as Drew Christie (1984: 114) warns us – “For many writers the principal consideration favouring economic democracy is that it would be the fulfilment of the democratic promise: people have a right to a say in the decisions that seriously affect them”. Furthermore, a key issue addressed by all theoreticians, which is the starting point of their thought, is following: “Why are the democratic rights of citizens valid only in the relation towards the state, but not in the relation to private companies?” (Blaha, 2011: 70).

4. Genesis and historical development

Economic democracy is decisively not a new concept that could be found only of late. Eloquently put by former American Secretary of the Treasury A. Gallatin at the end of the 18th century: “The democratic principle on which this nation was founded should not be restricted to the political process, but should be applied to the industrial process as well (cited in: Derber, 1973: 599). Certain characteristic features of this concept may be already identified on the verge of the 18th and 19th century in the work of François Marie Charles Fourier (1771-1837) who is classified amongst the so-called social utopists. As one of the first theoreticians, or more likely, as a perceptive observer of the socio-economic relations of his time, he noticed a considerable amount of negative effects of the laissez-faire policy in the evolving capitalist society. The only tool he saw to eradicate these negative social effects, were the “gatherings on cooperative basis” (Křivský, P.: Osobnost a dílo Charlese Fouriera, in: Fourier, 1983: 165). In the 2nd half of 19th century, some signs of E. D. can be found in organizations, which preceded the current trade unions movements, but we may also find these signs in the work of J. S. Mill. At the beginning of the 20th century this idea was extensively developed by the Fabians.

4.1 Indications of the economic democracy in the 18th and 19th century

The thought of social utopists, notably the one of Ch. Fourier, was marked by the influence of social changes which were inherent to the society of the 2nd half of the 18th century and the beginning of the 19th century. The society was defined by continuous change of social relations from bourgeoisie to capitalist type. From the ideological point of view this change owed to the thought of freedom born during the Great French Revolution. As Fourier (1983: 56) declares in his *Théorie de l'unité universelle*, “the most malign of all mistakes of our century is the spirit of freedom, abstractedly good and praiseworthy, but in practical use so deliberately evil, that it had brought even the supporters of freedom under the flag of despotism. An unpleasant test proved that these beautiful theories are full of illusions and disgracefulness”.

Along with emphasizing the aforementioned changes of living conditions in the society, the social utopists called for the idea of equality, which became their fundamental principle. The demand of equality “had been transferred into the sphere of ownership and among some utopists later manifested itself as egalitarianism – a demand of proprietary equality of all the members of the society” (Hába, 1975: 56).

Ch. Fourier applied this claim into his particular concept of new organization of social life based on the phalanstères, “big production-consumption units with a harmonious division of work” (Zamarovský, V.: Charles Fourier, in: Zamarovský, 1961: 238). It is remarkable, that already in the year 1822¹¹ he realized, that “workers who work slowly with a striking unhandiness (as long as they are wage workers), are more diligent if they work for themselves. As the first issue of political economy, it would be necessary to consider the question of how to change all the employees to co-owners with common interests, i. e. to companions” (in: Zamarovský, 1961: 278).¹² In Fourier's concept of economic unit, an individual can take part in the allocation of the works outcomes “at the same time as a shareholder, a worker and a manager” (Křivský, P.: Osobnost a dílo Charlese Fouriera, in: Fourier, 1983: 166).

The production and political relations were to be organized upon cooperative principles, thanks to what each member could have been an owner as well as a co-owner and a shareholder. (cf. Adamová et al., 2001: 186). This was supposed to motivate the workers to maximize their output. As Valeš (2007: 240) alerts, “wage-work relationship and constrain to work were terminated. Each one worked for his own, the success of all became the success of the individual. The concept of phalanstère is different from the later Marxist notion of communism since it retains features of private ownership as it is divided “into small shares, so that each member can easily become a co-owner of commune capital” (Hába, 1975: 54).

The phalanstère itself differs from a simple commercial cooperative and its meaning considerably exceeds the cooperative (cf. Křivský, P.: Osobnost a dílo Charlese Fouriera, in: Fourier 1983: 165). Fourier aimed to unite the members of the phalanstère “under one roof” not only because of the objective of commune work, but also community life (cf. *ibid.*). This may be seen as one of the most utopian features of his work. Relating to the thought of Enlighteners, Fourier attempted to “radically change the social environment” (op. cit.: 166) by spreading the system of phalanstères. Inventiveness of his idea resides in the fact that “it opposes capitalistic egoism and individualism with the attempt to create an organization of producer cooperatives, which by rationalizing the production maximalizes its affectivity. In these producer cooperatives, the interest of an individual identifies with the interest of a collectivity. Production, consumption and allocation will create a harmonious relation. Production completely subordinated to consumption won't be managed by the perspective of profit and its imbalances and won't be the cause of unemployment crisis. Poverty will perish since everyone will have the right to work and will be eligible for minimal existential benefits and social security” (*ibid.*). Ch. Fourier can be defined by some sort of universalism, which meant nothing more than that the future world should have been, according to his ideas, “covered by a network of phalanstères, connected to each other in a free federation which will tackle national and ethnic differences and assures happiness, freedom, justice and perpetual peace to mankind” (op. cit.: 168). In the same sphere, the late conceptions of Marxists about global spread of socialism and its continuous transformation into perfect communist society seemed no less utopic than the ones of Fourier. Later, the reformist movement of producer and consumer cooperatives followed his heritage. Though we may find some ideologic affinity among Fourier's phalanstères and

¹⁰ Johanisová also suggestively writes on E. D., in her afterword to Feierabend's book on the agricultural cooperatives: “If the control of a political power subsists in a political democracy, then the control of an economic power subsists in an economic democracy” (cited in: Feierabend, 2007: 135). Ehrenberg and Ljunggren (2003: 1) go even further claiming that “the question of economic democracy is in a globalised world perhaps a question of the survival of political democracy”.

¹¹ The year of publication of his work *Traité de l'association domestique et agricole*.

¹² He also writes a little later in the mentioned file *Théorie unité de l'universelle*: “As the first problem of the national economy, it would therefore be necessary to resolve the issue of how all wage earners should be turned into the involved co-owners or shareholders” (Fourier, 1983: 106).

these cooperatives, their objective is different. One of the examples of this affinity is that in both cases we are dealing with voluntary economic units. While Fourier tried to create a new autarkyic world in his phalanstères, cooperatives were deeply rooted in the already-existing world and respected its rules (cf. *ibid.*).

Despite the fact that Fourier as a theoretician stood alone with his plans and his expectations of a maecenas, who would financially support his visions, were not fulfilled, his theory was echoed in the works of equally famous philosopher J. S. Mill. Mill was well familiar with Fourier's work and the work of another renowned utopic socialist – C. H. de Saint-Simon (see Valeš, 2007: 225). Mill too realized that “freedom and social justice in society should be in order. If the evolution won't move forward towards the synthesis of entrepreneurial initiative and participation of all the workers in “the outcome of commune work”, the class conflict will deepen, what will bring disastrous consequences for both sides” (Valeš, 2007: 230). The strongest thoughts on E. D. resound in his file *Principles of Political Economy*, where he expects progressive transformation of firms into a form, where employees will decide “on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves” (Mill, 1994: 147). He even assumes that capitalists themselves – closely watching the progress of cooperative firms – will lend their capital to these firms. Thanks to this a social settlement will be reached and new industrial relations will come into being. Everyone in this system will work in the name of universal good, aiming to reach social justice (cf. Mill, 1994: 155-156).

At the end of the 19th century, we may identify some misty indications of E. D. in the work of associations such as (American) Knights of Labor, staunch supporters of worker cooperatives. These associations emphasised the need to create producer and consumer cooperatives as the alternatives to capitalism (see e. g. Howard, 2007: 424). E. Blaha also draws attention to the existence of “producers' self-governance” notion in political thought and practice dating back to the 19th century. This notion might be related to the establishment of cooperative movements in Germany (cf. Blaha, 2009: 351-352).

4.2 Expansion of the economic democracy notion in the 20th century

It is undeniable, as Albrecht (1983: 43) states, that the increased effort of the international movement for the participatory democracy connected with the demand for workers' rights in decision making has been observed mainly since the late of 1960s. On the other hand, as it was indicated above, concrete efforts of this type can be dated back at least to the period of the early 1920s. These efforts are associated especially with the Fabian society activities. Fabians' basis was the intellectual heritage of already mentioned J. S. Mill.¹³ In 1922, Sidney James Webb and his wife Martha Beatrice Webb published *Industrial Democracy*, where they present the so-called industrial democracy as “the democracy of industrial units” (Sartori, 1993: 12). In this publication they rely on James Stirling's *Trade Unionism*, which was published for the first time in 1869 (cf. Derber, 1973: 604). The industrial democracy of the Webbs is “the adjustment of direct Greek democracy to the industrial society, where the member of political community, politēs, is replaced by a member of economic community” (Sartori, 1993: 12). However as pointed out by G. Strauss and E. Rosenstein (1970: 201), the thought of employees' control over the workplace was rejected as incompatible to the efficiency by British Fabians, German Revisionists, thus the socialist authors of the Reformist school. This way of thought saw Socialism notably as a public control of the economy. “Behind this rejection of direct workers control was a mistrust of workers abilities to prefer the interests of the public to their own narrow ones. The early reformists did not encourage the formation of

any work councils even for the purpose of advising management” (*ibid.*). Even before the evolution of the industrial democracy notion, Beatrice Webb herself initiated the establishment of a cooperative movement in her book *Cooperative Movement in Great Britain* (1891). However, it is necessary to add that in the mentioned work she refused the idea of producer cooperatives and preferred consumer cooperatives, what made her a part of the Cooperative Federalism school. Charles Gide (1847-1932), a French theoretician of economy, was also a member of this school and worked through the theory of cooperativism in his work *Les Societes Cooperatives de Consommation* of the 1904. The exponent of the so-called Cooperative Individualism school was the Swiss economist and the founder of the Lausanne school of political economy – Léon Marie Esprit Walras (1834-1910). He along with Frenchman Jean-Baptist Léon Say (1826-1896), grandson of the famous Jean-Baptist Say, founded the bank for producer cooperatives in 1865. A year after they started to publish the monthly *Le Travail* (The Work). Unfortunately, both projects ended in failure in 1868.¹⁴ Whilst the activities of cooperativism theoreticians in the 19th century might be labelled as “primal impetuses”, the exponents of cooperative movement from the beginning of the 20th century tried to reach a transfer from capitalism to socialism through a general and mass organization of people as mass consumers, based on the cooperative principle, which was a later to dominate not only in business, but as well in industry and agriculture. This was to create “an all-comprising social formation of a socialistic character” (Dado, 1966: 289).

The ideas of the Webbs were later taken up by another Fabian and the main representative of the Guild socialism – George Douglas Howard Cole (1889-1959), according to whom “genuine political democracy would only be achieved when industry was organized on a participatory basis and employees became self-governing in the workplace” (Lansbury, Prideaux, 1981: 325).¹⁵ The idea of the industrial democracy appeared again later, during the 60s and the beginning of the 70s in the USA, as a response to the main questions, which emerged with bipolar contest not only in the level of practical policy, but mainly in the scope of mutual theoretical clashes of both capitalist and communist ideas (see Blumberg, 1971). It is worthy to note that the idea of employees' participation impersonated the 4th point out of 19 in the Iranian reform programme of the White Revolution in 1963, fuelled by later deposed ruler – Shah Mohammad Reza Pahlavi. According to this programme, the employees' share of the net profit was set at 20 % in the private sector companies.

In the period of Great Depression a new thesis starts to spot, concerning the theory of capitalism transformation, one of the theoreticians of which was e. g. J. A. Schumpeter. This thesis about the “democratization of capital” evolved from a concept, according to which “along with the development of public limited companies and issuing of shares with low nominal value, the overall number of shareholders increases and thus the capital is being democratized, since great masses of population take part in the ownership as well as they take part in decision making” (Ekonomická encyklopedie, 1984, 1st vol.: 168). According to this theory, the market could be reformed through the changes in the structure of ownership, control in the workplace, or changes the values, attitudes and behaviours of workers (cf. Carter, 2003: 3). It is due to remark that this idea was not met by praise geographic area of liberal democracies of the former West, as well as amongst the dogmatic Marxists of the “Real Socialism” countries. This is also verified by the criticism of Ludovít Korček in his book *O teóriách „transformácie“ kapitalizmu* (On theories of capitalism “transformation”) of 1972, which should be viewed through the prism of the era it was written in. “Share

¹³ Cf. Valeš, 2007: 237.

¹⁴ According to Cirillo (1980: 300) – Walras, realizing the difficult position of social workers, believed that the solution of the social question lies in the transformation of everyone into a capitalist. This could be achieved through the public ownership of the land, in other words: nationalization. More on his economic thought see e. g. Dado (1966: 874), *Ekonomická encyklopedie* (1984, 2nd vol.: 673-674).

¹⁵ His major works devoted to employee participation in corporate governance are books *Self-Government in Industry* from 1917 and *Guild Socialism Restated* from 1920.

form of ownership is in its basics only a modified “collective” form of capitalist private ownership and can be in no case a form of common ownership, a collective ownership in the sense of socialist communalisation. The basic antagonism between the social character of production and private-capitalist privatisation is also present in this so-called collective form of capitalist private ownership. Though capitalist production relations adjusted to the attained level of productive forces development, the exploitation of work by capital still exists and the socio-economic foundation of capitalism rests the same (Korček, 1972: 25).

Apparent gap of several decades between the appearance of industrial democracy and the creation the new E. D. concept, is very well filled by John Dewey and his work. Early at the beginning of the 20th century, he pointed towards the obsolescence of classical liberalism with its rigorous and dogmatic individualism, as well as towards the need of wide application of the democracy, which he “treated as a moral ideal rather than as a descriptive political or legal concept” (Edwards, 2006: 2).¹⁶ The major indications of E. D. in his work include the emphasis of necessity of the cooperative management of productive forces (see Dewey, 2001: 348) or the use of linguistic term “socialized economy” (op. cit.: 377). More clearly is the E. D. resembled in the words of this theoretician of pragmatism in his article *The Ethics of Democracy*, where he highlights that “democracy is not in reality what it proclaims itself to be, as long as it is not equally economic, civil and political... Our civil and political organisations are imperfectly democratic. Because of them, as much as because of the economic relations themselves, is the democracy a necessity in the field of wealth” (op. cit.: 555-556). Timeless seems to be the following claim from the same article, as it has a strong moral sing: “We accept or sometimes we even demand, that the ethical rules are applied to the work sphere, but we see it as an external application. We do not realize that the economic and work life is itself ethical and it is to become a contribution to the realisation of a personality through the formation of higher and thicker among people. These are the basics of the claim that democracy has to become a *working democracy*” (op. cit.: 558; italics: M. S.). From the mentioned it is evident that in Dewey's work some distinguishing features of E. D., which may however not be overestimated. As G. L. Edwards (2006: 15) remarks, Dewey “could do no more than a gesture towards something vaguely resembling economic democracy”.

Observing the Second World War years, we find remark-worthy reference of employee participation in the works of Italian theoreticians of the European Federalist Movement. These are the authors of the well-known Ventotene Manifesto (its 1st version is from 1941): Altiero Spinelli and Ernesto Rossi, later joint by Eugenio Colomi. In their socio-political project they also concentrated on the economic issues. Influenced by socialist visions they for example wanted to prevent monopoly companies from being owned by private owners. “In that case the masses of consumers would be subjects of exploitation” (Prando, 2010: 88). They also called for the establishment of massive economic reforms, the consequence of which “would make the working classes own the production facilities necessary to improve their economic conditions and to help them acquire a deeper autonomy in their private life” (op. cit.: 89). According to the Italian theoreticians, these proposed economic measures (represented by agricultural and industrial reform) were to bring the land ownership into the hands of those, who cultivate this land. Considering the theory of E. D., it is important, that they were to “extend the ownership of workers in the areas, which did not belong to the state monopoly, through the form of cooperatives and shareholding of the workers” (ibid.).

¹⁶ Dewey was well aware of his idealism, but fervently defended it: “...it is indeed idealism, but I belong among those who believe that the authentic will will never find a solid foundation, while not based on ideals. And I would add that the best verification of any type of society is just the ideal that the society submits to forms of human life, as well as the extent to which this ideal is carried out.” (Dewey, 2001: 558).

Working with the aforementioned theoretical foundations, the E. D. theoreticians of the 70s (cf. Schweickart, 1997: 63) based their own claims of E. D., which is (unlike the industrial democracy) a polyvalent notion and is impossible to be defined (cf. Sartori, 1993: 12). Among the pioneers and coryphaeuses of this then new theory, we may list the neopluralist – Charles E. Lindblom and his work *Politics and Markets: The World's Political-Economic Systems* (1977), where he fiercely “sets up the discussion on questions dealing with government and politics, markets and relations among themselves” (Svensson, 1995: 191). In this work he “pairs up comparative politics and comparative political economy” (ibid.). Of other equally famous theoreticians of E. D. we may list Michael Walzer and his *Spheres of Justice. A Defense of Pluralism and Equality* (1983), Robert A. Dahl: *A Preface to Economic Democracy* (1985), or a British feminist and political theoretician Carole Pateman (*Participation and Democratic Theory*, 1970). We may also mention distinguished Czech economist and a long term resident of the USA Jaroslav Vaněk (*The Participatory Economy: an Evolutionary Hypothesis and a Strategy for Development*, 1971), then Martin Carnoy and Derek Shearer (*Economic Democracy*, 1980), Ronald Mason (*Participatory and Workplace Democracy. A Theoretical Development in Critique of Liberalism*, 1982), David Schweickart (*Capitalism or Worker Control?*, 1980; *Against Capitalism*, 1993; *After Capitalism*, 2002), Michael Poole (*Towards A New Industrial Democracy. Workers Participation in Industry*, 1986), Corey Rosen and Karen M. Young, eds. (*Understanding Employee Ownership*, 1991) or recently David Erdal (*Beyond the Corporation. Humanity Working*, 2011).

4.3 Czechoslovak experience of economic democracy

Of the principles defining the concept of E. D. and those described above, it is impossible not to make out, that this concept is in its many features resembling to the ideas and principles of cooperativism.¹⁷ The popularity of cooperatives soared in the times of the 1st Czechoslovak Republic, when its territory comprised about 10, 000 productive and consumer cooperatives (cf. Hrubec, 2011: 15). The basis of cooperativist movement in Bohemia relied since the 19th century on the work of František Cyril Kampelík (1805-1872), doctor, politician and civil activist. He held the initiative of cooperatives, which were named after him – “kampeličky”. These were rural loan cooperatives, organized upon the principle of self-help with relatively small capital and unlimited liability of its members (cf. Dado, 1966: 238). Kamepličky “were founded to fight against the effects of rural capitalism evolution” (ibid.), “they provided loans to agriculturists for operational aims and supported their small savings. Besides this, they were helpful when buying economic necessities (...); abundance of savings was stored in their unit centres, which put them through the Agrarian Bank and the Centrocoperative” (op. cit.: 543). After the communist take-over, the kampeličky were reorganized to pawn shops in 1948 and in 1953 they fused the state-organized pawn shops. Similar initiatives, as the one of Kampelík's followers, were organized in approximately the same period in German environment by banker Friedrich Wilhelm Raiffeisen (1818-1888) and economist Franz Hermann Schulze-Delitzsch (1808-1883). They both took notice of the unpleasant situation that the poorest classes of the society faced, thus they promoted the idea of cooperativism. First of the mentioned authors became the founders of rural agricultural pawn shops and loan cooperatives (i. e. raiffeizens), which “aimed to help small producers in agriculture, in a matter of protection from the continually growing pressure of capitalist competition” (Dado, 1966: 543). Schulze-Delitzsch inspired the creation of small-town entrepreneurs' pawn shops mainly in towns, while the members casted a bigger portion of capital (in comparison with rural pawn shops and cooperatives) and only vouched for the maximum amount of their contribution. After the totalitarian disappearance of kampeličky, their expansion was seen in the Czech Republic back in the 90s, when more than 100 newly established

¹⁷ These principles see e. g. in Martuliak (1995: 11-12). He summarizes them into the so-called “Cooperative Decalogue”.

kapeličky flourished. After a short time these cooperative pawn shops started to go bankrupt, in the aftermath of what many citizens lost their life saving. Consequently, many legislative amendments were enacted with the law no. 87/1995 about savings banks and loan cooperatives, in order to prevent a similar situation in the future of Czech Republic. Concurrently in Bohemia an independent Association of cooperative pawn shops operates since 2001 and it unites a number of current consumer and loan cooperatives and cooperative pawn shops. In the territorial scope of Czech Republic and Slovak Republic it is customary to avoid the term "cooperative". There are two reasons: 1) it is correlated to forced nationalization of the 50s (cf. Blaha, 2011: 74, footnote no. 6; on cooperativism in this period see Martuliak, 1995: 134 and following), and 2) it was (in Czechoslovak geographical scope) preferably used in agriculture, which is not up-to-date. It is not possible to claim, that modern cooperatives are based only on agricultural foundations (cf. Blaha, 2011: 74, footnote no. 6). On the contrary, appropriateness of the usage of the term "cooperative" is documented by the UN, which declared the year 2012 to be the International Year of Cooperatives.

The features of E. D. can be also traced in the legislature of Czechoslovak environment of the 20s. The 25th August 1920 marked the enactment of the law no. 144 and the 12th August 1921 the law no. 330, which established employee councils in mining industry (law no. 144) and in other economic sectors (law no. 330). Both laws, as Jan Švejnár (1978: 179) warns, "were similar in nature, the latter being industrially more comprehensive". Mentioned legislative norms offered the possibility of employee council establishment in every company employing at least 30 (in mining industry 20) employees, and which had been operating for at least 6 months. The main tasks of the councils were "to defend and encourage the economic, social and cultural interests of employees" (Švejnár, 1978: 179). Their specific task was to supervise the practical implementation of collective contracts or to check the compliance with security measures. The employee councils assisted at keeping of the employee discipline and presented an advisory organ in case of dismissal. The latter norms also allowed the employee councils (with an exception of mining industry) to send their envoys to the managerial meetings of the company. This position was only advisory, since they did not dispose of a proper voting right. Moreover, the management of the company was not legally forced to take up their suggestions. The work of employee councils was also adjusted by these laws, as the members of these councils were not allowed to gather in working hours. Half of the financial costs of councils' activities were remunerated by fees of employees and the other half was paid by employers.

Along with the extinction of the 1st CSR, the employee councils perished quite naturally. They saw their renaissance shortly after the war, when institutionalized by the Presidential decree on enterprise and company councils of the 24th October 1945 (law no. 104/1945). This law distinguished the following types of employees' representation: enterprise council, enterprise trustee, company council and ad hoc body of enterprise representation (§ 1, law no. 104/1945). Enterprise councils were formed in each independent company employing at least 20 employees; an enterprise trustee was elected in every company contracting 3-20 employees (§ 3, art. 1; § 4). Until these bodies were created, "a concerned organ of united trade unions' organization" was supposed to nominate "ad hoc body of enterprise representation" out of the employees (§ 5). Enterprise councils held according to § 20 of the law no. 104/1945 the competence

1. to defend and encourage economic, social, health and cultural interests of the employees in the enterprise,
2. to monitor whether the economic activity of the enterprise is carried out in accordance with the general economic interest and with the provisions issued on administering,
3. to monitor whether the economic activity of the enterprise is performed in accordance with proper satisfaction of the economic, social, health and cultural

interests of the employees, observing the aim of general economic utility and valid rules,

4. to participate in the administration of the enterprise, providing suggestions and advices with the aim of gaining the highest economic production and efficiency,
5. to interact with the provision of economic and socio-political governance.

The governance of an enterprise (or in the modern language – management) was, according to the cited Act, required to discuss all general issues with the enterprise council in advance. Furthermore, management had to submit the necessary documentation to the enterprise council (excerpts of employment contracts and schedules) and allow it to inspect the wage documentation and make the excerpts (§ 23). In order to make the operations more effective, each enterprise council had the right to establish its own account. The account had to be approved by the union council of an enterprise and its upper limit was specified by government directive. The Act also established the possibility of employee profit sharing. The governance of an enterprise had an obligation (according to § 24, art. 1) to annually provide an enterprise council with the amount corresponding with the economic performance of an enterprise and social needs of their employees - at least 10% of the net profit of an enterprise. Although the council had the opportunity to attend all meetings of enterprise governance bodies, as well as the right to submit its own ideas and suggestions, the management was not obliged to accept them, only to take notice of them (§ 26, art. 2; § 27). As in the case of economic units, the enterprise councils were also founded in the bureaus of public administration. Their operation was regularized in §§ 30-32. In both periods, before and after World War II, enterprise councils had predominantly an advisory role. However the Presidential decree of 1945 vastly increased their importance in the companies, compared to their almost helpless counterparts before this period (cf. Švejnár, 1978: 183).

The following decrees of President Beneš helped to nationalize other segments of the economy. These steps opened up new opportunities to employee's representation. Employees gained mandate for 1/3 of the representation in councils of directors in state enterprises. Fulminant political changes of 1948 radically changed the practice of employee representation. Members of the Revolutionary Trade Union Movement (in Slovak: *Revolučné odborové hnutie*, ROH) founded in 1945, started to gain impact in enterprise councils and sent their representatives to councils of directors. The gradual centralization of state power also determined the impact of ROH, which eventually became the sole representative of employees' interests.

More evident than in the case of cooperatives, traces of E. D. may be spotted in Czechoslovak environment in the thoughts of Czech politician Ladislav Karel Feierabend (1891-1969), who mentions the term itself in his work only two times, whilst he does not go further in its elaboration. First reference can be searched out in his political memoirs¹⁸ and the second one is present in his book *Zemědělské družstevnictví v Československu do roku 1952* (Agricultural cooperativism in Czechoslovakia until 1952).¹⁹ The philosophy of E. D. was also asserted by famous Czech businessman and co-founder of shoe-maker's corporation Tomáš Baťa (1876-1932). He advocated not only existence of self-governing workshops, which formed the skeleton of the entire company, but also the employee profit-sharing. However, his primordial motivation was not driven by any humanist ideals; his main objective was the economic development of the company. On April 11 1924 he said to his employees: "We provide you with a share of the profit, not because we feel the need to give money to the people of the goodness of our hearts. With this step, we follow different aims.

¹⁸ "I have publicly defended at home that our political democracy must be gradually supplemented with economic democracy..." (Feierabend, 1994: 109). The current literature tends refer to E. D. also as a "production democracy" (cf. Adamová et al., 2001: 40), or as a "workplace democracy" (cf. Schweickart, 2002: 128; 1997: 64; Lane, 1985: 624).

¹⁹ "These power (or electrification) cooperatives were the Czech specialty and served as a good example of economic democracy" (Feierabend, 2007: 51).

Using these devices we want to reduce the costs [...] in order to allow workers to earn more. Your previous deficits are caused by the fact that you only ponder on your benefits and don't pay enough attention to whether another worker will be able to continue doing this work without problems. The offered participation in profits is the remedy for this kind of maleficence, as it will awaken your interest in the revenue of a rapid and proficient work of the entire department, combined with utter reduction of costs. [...] By the share-holding participation, we wish to elevate the workers materially, as well as morally. Worker has to understand our business; he has to feel it and grow with it. We desire to make all our workers the shareholders of our factory" (cited in: Fabianková, K. et al., 2009: 144-145).

Considerably more visible than the ideas of L. K. Feierabend and T. Baťa, it is possible to discover the features of E. D. in the works of another theorist, Czech (or Czechoslovak) economist Ota Šik. His concept of the so-called company ownership has become "the clearest expression of revisionist tendencies in the theory of socialist social ownership in the late sixties" (Hába, 1975: 112), though in the period of socio-political thaw and at the same time during the "relatively deep structural crisis of the Czechoslovak economy" (Jirásek, 2009: 123). This economic aspect led then-President Antonín Novotný to charge his old friend and a renowned economist at that time, Ota Šik, with the preparation of his own reform. Though it is true that during their face-to-face meeting Novotný "did gather nothing out of his explanation, but the message itself that anyone can offer some way out of the dire economic situation was enough for him to give instruction to D. Kolder, Secretary for Economics, to arrange an assignment for O. Šik by creating a commission for the development of proposals for a new system of governance" (Šulc, 1998: 48). Of course, Šik was apparently not the only one in 60s and 70s, who proposed the idea of company ownership, which was one of the core principles of the proposed economic reform.

However, some adherents of company ownership (including Šik) held various positions interpreting the concept. Some authors set their stepping stone to be the "criticism of bureaucratic centralism and etatism, which led to the requirement of «decentralization» of the social ownership to the company ownership, hand in hand with the workers' self-governance" (ibid.). In the Czechoslovak economy of this period, the idea of company ownership subsumed the effort to counter (at least on a theoretical level) the central, state-planned and controlled production.

One of the major features of company ownership was that a company should be "a direct and autonomous owner of the means of production" (Hába, 1975: 113), and also the fact that "the collective of a company freely uses the means of production, elects its production program and takes the products for its own [...], decides on its allocation and usage. The company represents mainly the interests of the employees collective and it is managed according to it" (ibid.). Out of the brief sketch of the company ownership characteristics, emerges the central role played by workers, in the hands of whom we find the real "political" power of company, as they are the sole owners of the product made by them and they are also the decision-makers on strategic issues of manufacturing. The concept of company ownership, of course, could not find support among then-Marxist economic dogmatists, since according to them, this type of property was "not a social property" and any attempt to change the social ownership in theory or in practice could not "be evaluated differently than as revisionism" (op. cit.: 114). During the period of the so-called normalization (70s and 80s), the attacks against the proponents of this alleged "revisionists" were sharpened, both in theoretical and practical level, as documented in some statements published in the scientific journal *Politická ekonomie* (Political Economy). During the "Prague Spring" this journal paradoxically served merely as a platform for new economic concepts. Among various verbal "scientific" offenses, we may cite for example the following examples: "The efforts to dissolve the social ownership of the means of production and transfer them to the

company level had objectively led to the substitution of inwardness of the (Czechoslovak Communist) Party and working class by the inwardness of individual producers of goods, which in effect resulted in the neutralization of the central regulation of economic processes" (K vývoji..., 1972: 810); "Implementation of company ownership could objectively lead to the weakening and then also to the removal of basic advantages of socialism over capitalism" (ibid.); "Right-wing economists argue that while all subjects, i. e. companies, are included in the unified state hierarchy and they are treated as components of the central state power, a relatively independent operation of the economy (which is itself regulated by the market criteria) cannot arise. If businesses act according to the market criteria and create a market economy, which has the ability of self-regulation, then the corporate sector must be separated from the state hierarchy. It is said to go "solo" policy from the center and to provide some space for the market subjects. Functions of society-wide plan are to be minimized, central government retreats and with it also retreat the advantages of socialism, deriving from the social unification of work guided by plan. Without society-wide planned governance, long-term and significant social interests cannot be realized. Without these the working class could not maintain its power and could not fulfill its historical mission. Right here there is a revision of Marxism-Leninism to its most essential point, because from planned governance, which is one of the constitutional instruments of working class power in the economic sphere, it is stepping back to the scope of pure business and market rationality" (op. cit.: 811). In addition to such "intellectual" condemnation, Šik's reform was as a whole "explicitly interpreted (by the emerging political elites, M. S.) as a political act, which was related to the allegedly intended secession of Czechoslovakia out of the block of the so-called socialist countries" (Jirásek, 2009: 125).²⁰

As a result of the unwillingness of the central state authorities, Ota Šik formed the rest of his theoretical work (after 1969)²¹ in exile, where he later elaborated his idea that "«all workers of a company must become its co-owners», into the theory of a «third way» of the societal development (which was neither capitalist, nor communist)" (Hába, 1975: 114), or into the theory "of human economic democracy" (see Šik, O.: *Socialismus – Teorie a praxe*, in: Šik et al., 1990: 14-44). He assumed that the democratic model of economy can "overcome the inadequacies of the "real" socialist systems, as well as capitalist systems" (Šik et al., 1990: 27). According to Šik, the third way was called to "overcome the negative aspects of simply communist, as well as capitalist system" (Šik, O.: *Der dritte Weg...*, 1972, in: Hába, 1975: 115). As long as practical measures are concerned, the concept of the third way was oriented mainly towards "the conversion of stolen property to the collective ownership of all company workers, i. e. towards modern form of collective ownerships of the means of production" (op. cit.: 115). The transition to the collective ownership, which he called collective capital, should be according to the author "assured by a system of minor, by the law specified, shareholders" (ibid.). Collectively owned companies should be in their mutual relations guided by the principles of free market, without bureaucratic state interventions. On the contrary, "the state should be limited to the issuing of generally valid and basic rules governing economic activity, or it should seek to promote economic and social purposes by the instruments of economic policy" (Šik et al., 1990: 28). Although Zdeněk Hába admitted that the spirit of this theory was inspired by anarcho-syndicalism (cf. Hába, 1975: 115), the individual features can definitely be considered very close to the modern reflection on the employees' sharing of a company and participation on the decision-making, which have later condensed into the theory of E. D. as we know it today.

²⁰ More about the whole economic reform process in former Czechoslovakia can be found in Bobulová (2011), Jirásek (2009); Šulc (1998). Case study concerning implementation of the E. D. in a sector of light industry in Opava (Czech Republic) during years 1945-1948, i. e. before Šik's economic reform, offers Z. Havlíčková (2010) in her impressive Bachelor thesis.

²¹ The works are, for instance, *Demokratische und sozialistische Plan und Marktwirtschaft*, Zürich, 1971; *Der dritte Weg: Die Marxistisch-Leninistische Theorie Und Die Moderne Industriegesellschaft*, Hamburg, 1972.

It is worthy to mention that the scientific exploration of the concept is in the scope of Central Europe overlooked and it is marginalized by the majority of current theoreticians. Despite this, outside this geographical sphere, especially in the American scientific environment, it has been receiving considerable attention since the 70s. Among major American exponents of the participatory democracy concept, it is worthy to mention the Czech native economists: Jan Švejnar and Jaroslav Vaněk. The latter – Jaroslav Vaněk – was thanks to his advocating of the employee participation idea ostracized by the mainstream scientific community, even despite his previous merits in the field of economics.

5. Conclusion

Economic democracy is a quite controversial concept, the proponents of which highlight it as one of the possible alternatives to the current capitalist economic organization, as well as a potential tool to strengthen the political participation of citizens. As it was presented above, it is not only a strict theory that does not have its practical implications. Furthermore, this concept is not the fruit of only recent theoretical debates. Its roots date back approximately to the 18th century. Since this time many philosophical thinkers of different schools, ranging from social utopians to liberals, guild socialists to the current proponents of participatory democracy, have been interested in it. It must be admitted realistically, that genuine economic democracy as described in the paper, could be in majority countries hardly feasible in the foreseeable future. Until then, its proponents should be satisfied rather with small, gradual steps, leading to the empowerment of employees and increasing their involvement in the decision making process in their workplaces. If we accept the argument that the current corporate-capitalist society of Western polyarchies is a participatory society, then it is necessary that it should be “a society, which likes the experiments, society that is able to experiment immediately after the radical reform of the rigid structures generated by private capital and class relationships or of the other power asymmetries” (Kováčik, 2009b: 152). One of the forms of such experiments is the economic democracy. Strong historical and theoretical foundations have been already built. Therefore it remains an open question whether our society will endeavor to build on them.²²

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