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# NEWS FROM THE COLONY

## The Scott Bader Commonwealth

The Scott Bader Commonwealth Ltd. is probably not an unknown organisation to readers with long memories, or those employed in the chemical industry. Under the heading "Ernest Bader's Quiet Industrial Revolution", we devoted an article to this unique industrial example and success story in May, 1972. The central figure of this story, Mr. Ernest Bader, is a Swiss and was born in Regensdorf 84 years ago.

The article pointed out that the Scott Bader Commonwealth Ltd. was a completely new idea in joint ownership. It was founded in 1951 upon what had hitherto been the Scott Bader Company Ltd., a private company created and

owned by Scott Bader and his family. The company still forms the basis of the Commonwealth. Its factories are in Wollaston, near Wellingborough, Northamptonshire. They produce a wide range of specialised chemical products such as polyesters, plasticisers, resins and chemicals for the dyestuffs industry. The Company's British turnover is over £6 million, and a fifth of its staff are employed in research and development. As a result, the Scott Bader Company holds a series of patents and processes used by many licensees abroad. The company has, since our story appeared two years ago, taken over chemical firms in France and in Sweden in order to expand its production-base to the Continent.

But what is of particular interest is not the firm's technological and commercial success, but the fact that it is the incarnation of a life-dream of a man embodying shrewd business acumen and a deeply rooted idealism. This man was Ernest Bader. The Scott Bader Commonwealth is his living answer to the contradictions and conflicts of capitalism.

### Something better than a co-operative society

Mr. Bader recently wrote to us enclosing a prospectus on the Scott Bader Commonwealth which gave a clear insight into the historical problems of co-ownership and of the tensions arising from the existence of two sides: those who "own" and those who work for the

latter.

The following considerations are drawn from this prospectus.

From the time of the medieval guilds, attempts have been made to regulate the complex relationships between workers, employers and society at large. With the developing industrial revolution, the concept of official interference and control in industry was increasingly repudiated as employers asserted the new doctrine of "laissez faire" expressed in the writings of Adam Smith. The depressions and human toll of this system led to the development of trade unionism and the divisions within industry that have continued to this day.

There were, however, several attempts to pioneer completely different industrial concepts. The most remarkable of these were the ideas of organising production under communal ownership and management, and "villages of co-operation" by Robert Owen. This in turn led to the Rochdale Pioneers' Co-operative Society in 1844 and other experiments, particularly in England, the United States, and Germany over the past hundred years, of which perhaps the most interesting was the Zeiss Foundation established at the famous Jena glassworks by Ernst Abbé in 1896.

The Scott Bader Prospectus notes that all these attempts failed to achieve what the founders set out to do. The latter were either too idealistic and found themselves unable to survive economically in the hard world of business reality, or where they did succeed

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commercially, they only did so by sacrificing many of the ideals on which the movement was founded. The co-operative movement would be an example of the latter situation because it is now largely run as a conventional business by conventional businessmen and there is little sense of real democratic ownership or communal management felt by the many thousands who go to shop every week at their local Co-op. Although there is still some of the original spirit in the smaller producer co-operatives, they fall far short of the great ideals expressed by the Rochdale pioneers.

### Finding the right balance

Success in such an enterprise thus requires a right balance between idealism and realism, between the desire for communal ownership and control and the harsh reality of money, business, competition and survival. If the scales dip too heavily one way, the undertaking goes bankrupt, if they dip too heavily the other way, it survives commercially but loses its ideals.

The Prospectus notes that the move towards industrial concepts affecting the relationship between owners, managers, and workers has greatly increased during recent years. Among well-known examples are the John Lewis Partnership, the Israeli Kibbutzim, the Chinese industrial and agricultural communes, the Yugoslav factories where directors are elected by workers' councils, the French newspaper "Le Monde" which is owned by its journalists. Moreover, many firms, both large and small, have schemes whereby employees can acquire shares.

Although his company was founded through his own initiative and enterprise, Ernest Bader never felt that his business was his and that he could do what he pleased with it. It had, after all, been built with the effort, skill and patience of many employees. It was theirs morally and so he decided to make it theirs legally.

### Those who work for a company should own it

In 1951, thirty years after having opened his first office on Finsbury Square, north of the City, Ernest Bader gave his shares to a new organisation

called the Scott Bader Commonwealth Ltd., an action followed by the other shareholders.

The Scott Bader Commonwealth Ltd. thus took the ownership of the Scott Bader Company Ltd. It became a holding company, but a holding company with a difference, because it was entirely owned and controlled by its members, who all work in the operating company.

This is how it works: The Commonwealth is a company limited by guarantee and not having a share capital. It has three functions. First, it owns all the shares in Scott Bader Company Ltd. Second, as a registered charity, it distributes its income to various charitable causes each year and also helps to finance other attempts at creating industrial co-ownership enterprises. Third, as collective shareholders of Scott Bader Company Ltd., it decides on the profit allocation of the operating company.

The constitution limits the total profit distribution to a maximum of 40 per cent. In other words, a minimum of 60 per cent of the profits of the operating company must be ploughed back for consolidation, taxation and reserves. Furthermore, of the distributed profits an equal amount must be allocated to the Commonwealth for donation to charity as is allocated to members as bonus. Thus a maximum of 20 per cent of the profits each year can be distributed to the Commonwealth for charitable purposes, and a maximum of 20 per cent for bonus to staff.

### Beyond participation

Membership of the Commonwealth is limited to employees of Scott Bader Company Limited over 18 who have been with the company for at least 12 months. Most of the employees of the trading company are therefore members of the Scott Bader Commonwealth Ltd. Since no member personally owns shares, all are equal members in the Commonwealth, each with one vote, irrespective of the position they may hold in the Scott Bader Company Ltd. The bonus is therefore not distributed in proportion to salary, but on an equal basis.

This structure, notes the Scott Bader prospectus, makes it possible to

work towards establishing an *industrial democracy* as distinct from simple participation.

"Participation in decision-making and co-determination are possible in all enterprises, irrespective as to who the owners are. Democracy is only possible when the members themselves, and they alone, own and control the resources of the enterprise".

The democratic constitution of Scott Bader Company Ltd. is equally outstanding and also deserves a look.

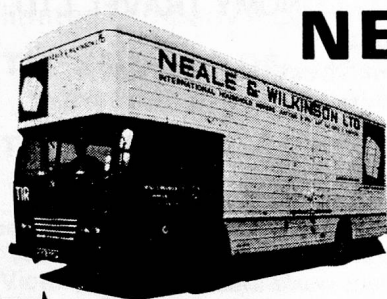
There are three principal organs through which the company operates: the Board of Directors, the Community Council, and the Trustees.

### An original management structure

The Board, as in any other company, is responsible for overall administration and control. It consists of both executive and non-executive directors and has a maximum membership of eleven of whom two are appointed annually by the Community Council. They are collectively accountable to the Commonwealth. This is achieved by holding quarterly meetings of all members, i.e. employees, for the Board to give their reports and be questioned by the members. The discussions are often far ranging and include examination of the balance sheet and financial forecasts, as well as commercial, technical or social policy.

The Community Council is the standing committee representing the interests of members. It consists of 16 representatives elected annually by the members of 16 working departments other than directors. The Community Council approves or disapproves the appointment of directors and their remuneration. It can discuss any matter and make recommendations to the Board of Directors. If a dispute affecting disciplinary action is referred to it, however, its decision is final.

The Trustees are trustees of the constitution. They must not interfere with management except in three special circumstances: if in their opinion a measure proposed by the Board or the Community Council is in breach of the principles of the Constitution; in the event of a disagreement between the



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Board and the Community Council in which case its decision is final; should the company be running at a loss, then the Trustees are empowered to require the Board to take such steps as they think fit to restore profitability.

Two Trustees are appointed by the Board, two by the Community Council and three are appointed jointly by these two bodies to represent outside interests. In addition, Ernest Bader, as the President of the Commonwealth, is entitled to be a Trustee for life.

#### A model of industrial relations

A final word on employee relations. Since members of the Commonwealth are colleagues and not employees, no Commonwealth member can be dismissed other than for gross personal misconduct. But of course this security of employment means that losses have to be shared as well as profits. Similarly a strike or other form of industrial action,

although possible, becomes meaningless. There is a maximum ratio as between the lowest and highest pay of 7: 1 and much effort is applied to trying to establish remunerations on a fairer and more equitable basis than is usual in most firms.

Whether such a remarkable setup, seemingly verging on Utopia can be applied to the scale of a modern industrial society such as Britain's remains to be seen. One can ask, for example, whether the traditional means of financing (i.e. stocks and shares) and the general structure of business that these means imply could be preserved. Or if not, whether the necessary adjustments and overhaul of the financial establishment are feasible. But on the scale of small units such as the Scott Bader Company, there is no doubt that it has brought a completely new dimension to work and labour relations. And this is the achievement of an expatriate Swiss!

#### FORTHCOMING EVENTS

**SWISS CHURCH:** Sunday, 15th September, 11.15 a.m. Eglise Suisse, 79 Endell Street, WC2, Bilingual and Ecumenical Service on the occasion of the Federal Day of Thanksgiving and Prayer and to celebrate the *Golden Jubilee* of the German-speaking Community of the Swiss Church.

**NOUVELLE SOCIETE HELVETIQUE:** Thursday, 19th September, 7 p.m. at Swiss Hostel for Girls, 9 Belsize Grove, NW3, OPEN MEETING. Report on Assembly of the Swiss Abroad in Neuchatel and General Discussion.

**SWISS CHURCH BAZAAR,** Saturday, 2nd November. Opens at Central Hall, Westminster, at noon.

**SWISS RIFLE ASSOCIATION.** Next shoots on 6th October and 20th October.

**CITY SWISS CLUB:** Tuesday, 17th September at 6.30 for 7.00 p.m. at the Dorchester: Dinner followed by a game of cards. Tuesday, 15th October: Dinner with Guest Speaker.

**SWISS PHILATELIC SOCIETY:** Wednesday, 2nd October: House-warming and social evening at Swiss House (Ladies welcomed). Wednesday, 30th October: Monthly meeting and auction. Wednesday, 27th November: Monthly meeting and display.

## Tourist Items

### FARE CONCESSIONS OFFERED BY THE SWISS TRANSPORT UNDERTAKINGS

*Children* pay half-fare between 6 and 16 years of age.

*Swiss Holiday Ticket.* The Swiss ticket to the destinations entitles tourists to excursions at half-fare by rail, boat and postal coaches. Validity 1 month. Possibility of extension for 10, 20 or 30 days.

*Swiss Holiday Pass.* For unlimited travel on main line railways, boats and postal coaches also for half-fare travel on mountain railways, funiculars and cableways. 8 days = Fr.100, 15 days = Fr.140, one month = Fr.195. 2nd class. Must be purchased outside Switzerland from Travel Agents or the Swiss National Tourist Office.

*Swiss Season Ticket for the "Not so Young".* For half-fare concession (rail, boat or postal motor coaches) valid 1 year, price Fr.70. Issued to men of 65 and over or ladies of 62 and over.

*Swiss Half-fare Season Ticket.* For an unlimited number of half-fare tickets (single or return) by rail, boat or postal motor coach. 15 days = Fr.40, 1 month = Fr.55 or 3 months = Fr.110.

*Swiss Regional Season Ticket.* For excursions in the following regions: Montreux/Vevey, Bernese Oberland, Lake Lucerne, Grisons, Locarno/Ascona and Lugano. Issued for summer season.

*Winter Sports Season Ticket.* For economical travel by ski-lifts, etc. in winter sports centres and regions. For details see resort folders for winter season.

*Swiss Cableway Season Ticket.* For reduction of 20 per cent on approx. 850 aerial cableways and ski-lifts. Valid 3 years, transferable, price Fr.60.

*Group Travel.* To travel in groups of 10 or more the following fare reductions are granted:

10-24 passengers	20%
25-199 passengers	30%
200 and more passengers	40%
Juveniles 6-16 years	70% *)
Juveniles 16-21 years	35% *)

\*) slight variations for private railways

*Youths under 21 years of age*

*"Inter-Rail" Ticket.* For travel at half-fare 2nd class in country of residence of holder and free travel in twenty European countries. Price Fr.305.

*Swiss Special Season Ticket.* For travel at half-fare on most rail, boat and postal motor coach routes during 1 month, including one day free hire of a bicycle. Price Fr.25.

### Revival of Teniger Thermal Spa

The Grisons now possess another Thermal Spa, namely that of Teniger (near Surrhein not far from Ilanz). This calcium sulphate spring rich in Epsom salts, lies amid splendid wooded Alpine scenery. The renovated spa hotel has 135 beds and has two open air mineral pools and one mineral indoor pool. The medical sector will only be opened after completion of the second building stage, though cures can already be taken. For further information, apply to the Hotel Tenigerbad Ltd., CH-7172 Rabius-Surrhein, Switzerland.



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