

### FOURTH INTERNATIONAL CONFERENCE ON THE ECONOMICS OF SELF-MANAGEMENT

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The Fourth International Conference on the Economics of Self-Management took place in July (15,16 and 17) 1985 at Liège, Belgium. More than 90 participants from 23 countries took part in this conference which followed the ones in Dubrovnik (1978), Istanbul (1980) and Mexico (1982). Some 60 papers were presented, which covered a wide range of theoretical and empirical research. The conference was hosted by CIRIEC (International Centre of Research and Information on Public and Co-operative Economy, Liège, Belgium) on the campus of the University of Liège; the ISS (Institute of Social Studies at The Hague) was co-sponsor in the organization.

The Conference was opened by Jacques Defourny, (CIRIEC), secretary, and Henk Thomas (ISS), chairman; Saul Estrin (London School of Economics) gave a key-note address on "The Role of Producer Co-operatives in Employment Creation". He underscored the rapid growth of co-operative employment in Western Europe and the United States during the recession. Issues like the origin of such co-operatives ("from scratch", "rescues", "conversions from other types") were dealt with in depth. He warned against dubious motives for establishing co-operatives such as low wages, absences of trade unions and forms without any real participation for its workers. It would generally be appropriate to establish "...an entrepreneurial support agency with model rules to prevent the degeneration process and its own financial or banking department".

The conference then was organized in three groups, of which reports now follow.

#### I: ECONOMIC THEORY

John Cable in "Employee Participation and Firm Performance: A Prisoners' Dilemma Framework" argued that although labour-ma-

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nagement co-operation, through participatory programmes, is superior in productivity and job satisfaction terms to an adversarial relationship, a prisoners' dilemma problem exists. An empirical approach was also presented. Michael Keren, in "The Asymmetry of Property Rights and the Long-Run Behaviour of the Labour-Managed Firm" presented a model of long-run employment adjustment in the LMF. This model implies "inflexibility and some conservatism in the adoption of new members". Thus, "inflexibility rather than instability" would result from shocks to the labour market. Stephen C. Smith and Meng-Hua Ye in "Dynamic Allocation in a Labour-Managed Firm" presented an optimal control approach for studying the allocation behaviour of the labour-managed firm in relation to its profit-maximizing counterpart. Both labour and capital were treated as state variables, providing a fully dynamic treatment of the problem of internal financing in the LMF.

Milica Uvalić presented in "The Investment Behaviour of the Labour-Managed Firm" a detailed criticism of the assumptions underlying arguments that the LMF will underinvest. It was also pointed out that, with rapid technical change, the payback period for all firms is fast shrinking, so that the economy-wide investment time horizon is shorter than that of an LMF. Miroljub Labus in "The Furobotn-Pejovich (F—P) Effect: Some Yugoslav Experience" offered some econometric tests of the underinvestment theories of F—P, using Yugoslav data. Within his framework of testing for F—P's crowding out of internal investment by external investment, no evidence was found supporting F—P's predictions. Will Bartlett in "Enterprise Investment and Public Consumption in a Self-Managed Economy" described a differential game model of a self-managed economy based upon the Yugoslav experience. Non-co-operative and co-operative solutions to the game were analysed and compared. Finally the model was applied to the case of the various institutional arrangements adopted in Yugoslavia since the mid 1960s. Časlav Očić argued in "Integration as the Pooling of Labour and Resources — the Yugoslav Experience" how inter-and intra-enterprise investment flows (the "pooling" of resources) are encouraged in the Yugoslav self-managed system under the Law on Associated Labour as a means of improving the efficiency of resource allocation and of investment. However, in the absence of a classical capital market or a central investment fund the principal motive for these flows is direct income-sharing in the net revenue of the borrowing enterprise (OAL) or enterprise sub-unit (BOAL). This mechanism has proved to provide a very weak incentive for such financial flows. Moreover, the system leads to an intensification of regional economic differences and to an atomization of firm structures — a tendency described by the author as one of BOAL-ization (echoes of "Balkanization" here?). Aleš Vahčić argued in "Rules of the Game Leading to an Efficient Self-Managed Economy: Theoretical Solutions and Yugoslav Experience" that the standard theory of the labour-managed firm does not deal adequately with the problem of the riskiness of investment, and that without the development of the socialist equivalent of a stock exchange, state intervention will always be needed to regulate the allocation of resour-

ces in a self-managed economy. A policy description for revaluing enterprise assets in order that monopoly rents would be appropriated for social use was developed. Norman Ireland and Peter Law presented in "Management Design Under Labour-Management" a comparative model of monitoring in "capitalist" and labour-managed economies. A two-stage game process was assumed, with a co-operative choice of the monitoring system, but a Nash solution in its actual operation. Geoff Stewart developed in "Managerial Discretion in the Labour-Managed Firm" a model in which the manager of a LMF was able to maximize his or her own utility, at least in the short-run, subject only to an income constraint for members. Charles Rock argued in "Economic Efficiency, Alternative Economic Systems, and the Problems of Designing Efficient Production Organizations" both on institutional grounds, and on grounds of differing utility/risk profiles across firms, that it is not possible to design an "efficient" organization in the abstract. In addition, he argued, it is difficult to make direct before and after comparisons between capitalist and labour-managed economies, since income distribution and other factors will change, implying a price change. Domenico Mario Nuti in "Merger Conditions and the Measurement of Disequilibrium in Labour-Managed Firms" attempted an indirect assessment of the maximum order of magnitude of possible inefficiency in a labour-managed economy due to short-run disequilibrium in labour allocation. It was demonstrated that the maximum order of magnitude of labour-disequilibrium inefficiency (if any) will not exceed one half of income differentials across firms and cannot, therefore, be the major cause of economic inefficiency in such a system. Will Bartlett and Gert Weinrich proposed in "Instability and Indexation in a Labour-Managed Economy — a General Equilibrium Quantity Rationing Approach" a macrodynamic analysis of a labour-managed economy based upon the general equilibrium quantity rationing paradigm. It was shown that such an economy leads to highly perverse and unstable price dynamics, as endogenous features of the system. An easily implemented indexation scheme was presented which would reverse the direction of the dynamics and guide the labour-managed economy to an efficient level of activity.

Avner Ben Ner and Saul Estrin presented in "What Happens When Unions Run Firms?" a theoretical framework for comparing the behaviour of union-owned firms (the case of Israel was discussed) with bilateral monopoly and labour-managed firms. The determination of wage-employment contract curves in a co-operative game setting was discussed, together with econometric results from the operationalized model. Benedetto Gui in "Internal Distributive Rules and Labour Mobility: the Problem of Firm Survival" set out a formal model to demonstrate his thesis that labour-managed firms may be economically unsuccessful as, under certain conditions, skilled workers quit the firm in search of higher paying jobs. The process is dynamically unstable as the average productivity of the remaining workers falls, thus increasing the incentive to quit. The author presented a proposal to arrest this process: the introduction of seniority premia and exit penalties. Nicos Zafiris considered in "Residual Factor Renumeration and 'Labour

Entrepreneurship'” the role of risk and uncertainty in modifying the behaviour of the labour-managed firm. He demonstrated that under these circumstances the firm would employ more labour than in the pure “Illyrian” case. Alberto Chilosi presented in “Self-Management Market Socialism with Free Mobility of Labour” a discussion of Theodore Hertzka’s model of a self-managed economy in which all workers are free to choose the firm in which they work, and have a statutory right to employment. He demonstrated that such an economy would exhibit full employment and income equality, and thus fulfil at least two of the major objectives of socialism in a decentralized fashion.

Peter Lichtenstein argued in “Towards a Classical Reconstruction of the Economy Theory of Self-Management” that neo-classical theory is an inappropriate tool for the study of economic systems. The virtue of classical economic theory is that it deals directly with a surplus producing (i. e. growing) economy. Technology and the requirements of reproducibility provide bounds upon permissible equilibrium price vectors. A social theory of class relations then provides an explanation of the actual prices which obtain and the income distribution which they imply. Each economic system is thus “closed” by its own social theory of class relations.

The author remarked that the “process in which social relations determine price relations, would still exist in a self-managed society” and developed a classical theory of valuation for a self-managed economy in which the linkages between social relations and economic relations are made explicit. Self-managed enterprises compete on the basis of “gentle competition” in which the self-interested motivations of individual enrichment are modified by social values of fairness and solidarity. The state would ensure a socially acceptable accumulation rate through setting minimum reinvestment rates in “basic” industries. By means of a Sraffa-type scheme of analysis it was shown that this centrally determined accumulation rate for the basic sector, together with the force of “gentle competition” which equalizes the total mark-up among the enterprises of the basic sector, generates a price vector which ensures viable reproducibility of the economy. Branko Horvat discussed in “The Theory of the Worker-Managed Firm Revisited. A Short Essay in the Sociology of Knowledge” a dynamic model of the “Illyrian” labour-managed firm and argued that once the “time-dimension” is taken into account the well-known “perverse” or “employment-restrictive” behaviour of labour-managed firms disappears. Geoff Hodgson presented in “Economic Pluralism and Self-Management” a critique of the neo-classical theory of pure competition which was held to be “sophisticated, elegant, seductive and formally precise... but wrong”. The reasons are to be found in the existence of uncertainty and of widespread imperfections in any actually existing economy. Perfect competition is unworkable since it destroys the incentive to invest. Even Oliver Williamson’s “transactions cost” approach cannot rescue neo-classical theory, since the imperfections which form the basic of the transactions costs are irreducible. A co-operative economy cannot therefore be built on the basis of purely competitive market relations of exchange. There is a role for the state which demands a

theoretical analysis. The author developed an "impurity principle" which asserts that every economic system must contain elements of at least one other system if it is to successfully reproduce itself.

## II: SOCIO-ECONOMIC ANALYSIS OF SELF-MANAGEMENT EXPERIENCES

On the performance of the Yugoslav economy three papers were presented. M. Bazer-Madar presented a paper on the "Efficiency of Resource Use in the Yugoslav Economy". This efficiency is far below what is predicted by the theoretical models and there is also a pronounced declining trend in all relevant indicators of overall efficiency. After 1965 the situation seriously deteriorated since the mechanism of income control and enterprise savings formation was largely dismantled, which implicitly produced further distortions in factor pricing. V. Đurđevac in his paper on "Unemployment in the Yugoslav Socialist Self-Managed System" explored the hypothesis that a part of unemployment is due to inherent structural problems of self-management. A. Popov presented "Causes of Inflation in Yugoslavia". In the absence of appropriate institutional solutions there is a greater tendency to inflation in a self-managed economy than in market economies of a capitalist type. Changes in the system of firm income distribution are mandatory to account for the amount of income allocated to accumulation per unit of social capital. In this way to some extent the price for the use of social capital would be institutionally determined.

On Economic Democracy in Sweden there were three papers. V. Himmelstrand, G. Brulin and R. Swedberg discussed "The New Managerial Philosophies versus Industrial Democracy in Sweden". These managerial philosophies go hand in hand with a conservative neo-classical approach suggesting reduction in trade union monopoly. The authors also argue that even a modified neo-classical paradigm of the Horvat-Vanek type is inadequate for a thorough analysis of social systems that are based on participatory or self-managed firms. They propose the paradigm of economic sociology as the appropriate methodological tool for such analysis. C. Rock presented "Wage Earners' Investment Funds in Sweden: a Step towards Economic Democracy". The new collective shareholders will be able to affect the internal governance of the firms. The managing directors of wage earners' funds may follow broader goals than mere financial profitability which may be in conflict with the goals of traditional capitalist owners. In spite of the limitations of this attempt as a step toward economic democracy there are certain advantages to this macro approach to workers' control. S. Jansson presented "Some Empirical Observations on the Swedish Labour-Owned Industrial Firms". Practically all labour-owned firms in Sweden were established with the goal of saving jobs. Over the period 1979—1984 the number of these firms rose from 65 to 105 employing about 3,500 workers in 1985. While the data collected do not allow conclusions whether labour-owned firms in general are viable, they clearly show that they do not invariably fail.

On the Comparative Performance of Labour-Managed Firms, B. Thordason presented "A Comparison of Worker-Owned Firms and Traditionally Owned Firms in Sweden". No significant differences between worker-owned and privately owned firms were found in terms of labour productivity and capital profitability. D. Jones evaluated in "The Comparative Performance of Workers' Co-operatives and State-owned Firms in Poland" the technical and distributive efficiency of Polish PCs. The inter-enterprise income distribution shows much smaller dispersion between PCs than between state owned firms. On the side of technical efficiency, when allowing for the poorer quality of PCs, factors of production, it is probable that during 1960—80 PCs were technically more efficient than the other Polish firms. In this session, J. Defourny presented a part of a larger work on the economic performance of French producer co-operatives. He gave the first results of a financial analysis covering 10 years (1970—1979) based on productivity and profitability ratios. These ratios were computed for three different groups of enterprises classified according to their size. The workers' co-operatives' performance was compared to the average capitalist firms in the construction and printing sectors. The results indicate that the relative performance of co-operatives depends heavily on their size. Co-operatives with less than 10 workers have low productivity and low profitability because they are undercapitalized. When employing more than 10 workers, co-operatives show higher labour productivity than their capitalist counterparts and are at least as profitable as the latter. The workers in co-operatives have higher wages than those in capitalist firms.

On Income Distribution in Yugoslavia two papers were presented. P. Petrović discussed "The Results of an Empirical Study on Equilibrium Prices and Income Distribution in the Yugoslav economy". R. Stallerts presented "Inter-Industry Wage Structure in Yugoslavia, 1981—1984". In this period the Yugoslav economy was a self-managed economy in a crisis. The paper described the evolution of the inter-industry wage structure by the highest, lowest and mean wages of branches of ind industry and by the coefficient of variation.

C. Gunn presented in "Workers' Self-management in the United States: Recent Developments" an update of the authors' earlier comprehensive study of workers' self-management in the United States. There are many firms with some elements of self-management which can potentially develop in that direction. However, a broader movement towards self-management can only be feasible as part of larger movement for social change in the US. S. Smith presented "Participation in Small US High-Technology Firms: Theory and some Descriptive Statistics". The author found that in Silicon Valley every key employee anticipates and demands an equity stake. The tastes of employees are shifting in favour of ownership, entrepreneurship and participation. It is too early to say how this attitude of an elite sector will be translated to other sectors. But it may be that possibilities for an evolution to more participatory forms — ultimately some form of associated labour — are finally coming into their own. S. Theophanides presented "The Mount Athos Monastic Republic as a Case Study in Absolute

Self-Management". Roots of self-management are found in the Christian economic system and the monastic economy of Mount Athos is an example of a pure system of this kind.

#### PARTICIPATORY DEVELOPMENT IN AFRICA: A PANEL SESSION

E. Kamden gave a bird's-eye view of the main participatory experiences today, in which experiments in some ten African countries were mentioned (Algeria, Cameroun, Guinea, Mali, Mozambique, Niger, Nigeria, Tanzania, Togo, Zambia). M. Besha stressed the need for a positive interaction of all social-political forces at play in the production process. In his contribution he elaborated on the role of the trade union in Tanzania in co-ordinating the implementation process. Drawing his examples mainly from Nigeria, S. Kalogbor touched upon the importance of participatory processes in the overall development effort of African countries. G. Kester introduced a five-year training project which the Institute of Social Studies undertakes in collaboration with the Organization of African Trade Union Unity. The results of the project so far have shown a growing awareness on the part of trade unions and governments alike of the value of a participatory development. In the ensuing discussion a lively debate developed between U. Himmelstrand, J. Vanek and B. Horvat on the transitory phases leading (or not?) to socialism in Africa.

A. Ben Ner dealt with the question: "Producer Co-operatives: Why do they Exist in Capitalist Economies". Producer co-operatives are most often created when capitalist firms cannot be created or cannot survive. The explanation of this apparent paradox is that self-interest combined with scarcity of entrepreneurial individuals and with the relatively high cost of formation of producer co-operatives implies that, if profits can be made, scarce entrepreneurs will not want to share them with co-operative members. A. Drumaux presented "Self-Management in Western Europe: Management of the System in Crisis or an Alternative Process". There are no "ex-ante" answers to this question since the fundamental characteristic of self-management is that it is a macro-social process.

A. Thomas and K. Jefferis discussed the "Conditions for Financial Viability in Workers' Co-operatives: The Case of UK Clothing and Printing Co-ops". The workers' co-operative sector in the UK has undergone a massive transformation over the past decade. Since 1971 the number of co-ops has grown from 26 to over 1000 in 1985. While empirical research has been done on the older types of co-ops, only recently a project has been started to set up a database on the financial performance of new co-ops. The chances of success can be increased by the provision of soft loans. The reason is that the start-up co-operative must fight an environment hostile to co-operatives and at least initially needs much support in order to survive. V. Perotin addressed a similar question in "Some Preliminary Findings on the Viability of French Producer Co-operatives". A group of co-operatives that may survive during the next three years is compared to a group

that most likely will close during the same period. The preliminary evidence shows that one of the reasons for future closures generally is short supply of capital funds.

### III: PRACTICAL PROBLEMS IN IMPLEMENTATION OF SELF-MANAGEMENT

Among the Country Review Papers there were presentations from Africa, America, Asia and East and West Europe.

#### AFRICA

M. Basha, in "Practical Problems in the Implementation of Self-existence of policies in favour of transformation numerous problems Management", presented the case of Tanzania where in spite of the have arisen in the implementation of workers' participation. E. Kamden summarized the possibilities and limits of self-management in today's situation of Cameroun his "Problème de l'autogestion dans les entreprises Camerounaises". The discussion of management and participation in self-help societies and co-operatives among the SADAMA of south-west Ethiopia and a comparison with the BUSUKU of western Kenya was presented by J. Hamer in "Efficiency and Associations: Two Examples from East Africa".

#### ASIA

The case of India was presented by R. Sarikwal and A. Avasthi in "Trade Unions in Indian Industrial Democracy: a Myth". An empirical study provided interesting results on the differences in attitude of public and private managers. The managers in public enterprises are on the whole more open to workers' participation whereas private managers are strongly opposed because it stimulates the unification of workers.

#### AMERICA

W. Woodworth in "Difficulties in Attempting to Launch Self-Managed Firms in the United States" made an interesting review of today's tendencies within the United States. On the whole, there has been a decline of unions and a slow emergence of Agricultural Co-ops., Collective and Producers Co-ops., but especially of the ESOP'S (Employee Stock Ownership Plans). J. Calderon presented in "Estado, Reforma Agraria y Autogestion en Mexico" the evolution towards agro-industry of the Ejidos in the rural sector of Mexico, and C. Gadsen elaborated on a successful model of development at the micro level with the artisans Tegnisquipan ("La Participacion entre les artesanos de Tequis-



quiapan"). As for Peru, W. Moreno presented the evolution of the Support Institutions and the redefinition by the workers of training and education. M. Calderon reviewed the associative experience in the rural sector of Costa Rica.

## EASTERN EUROPE

Bislev presented his views about the situation and perspectives of cooperatives in a planned economy with special reference to "The Case of Poland". The present incentives of the reforms encourage people to join the growing private sector rather than directing their efforts on co-operative ideals. K. Soos presented "The Introduction of Workers' Participation in Hungary". The recent return to some of the ideas of the reform of 1968 has resulted in an intensive debate among economists with different views on self-management.

## WESTERN EUROPE

A. Thomas and R. Spear reviewed the experience of Great Britain. A. Thomas in his paper analyses the "Expectations of the Early Years of a Rescue Co-operative". His conclusion is that the co-operative will tend to degenerate into a traditionally organized work place, unless actions are taken to initiate regenerative counter processes. R. Spear presented "Trade Unions and Rescues" (UK). Preliminary research evidence suggests that the rescue strategy can be consistent with the interest of trade unions as well as that of their members. H. J. L. Voets presented the "Practical Problems in the Implementation of Self-Management in The Netherlands". Recent developments indicate that the attitude towards self-management of the largest Federation of Trade Unions (FNV) and of political parties has become more benevolent.

In addition to the review of country cases a number of papers of a more general nature were read. E. Karlsson presented "Alternative Production, Creativity and Workers' Co-operatives". He analysed the climate needed for innovation; e.g. who are the innovators within society? R. Paton reviewed different explanations for the decline of member involvement in large co-operatives (from a conflict, cultural or a functionalist perspective) in "Self-Management: Organizational Problems and Prospects". J. Vanek presented a broad structure orient to overcome the major flows of the capitalist socio-economic system and to contribute to the transition "Towards a Just, Efficient, and Fully Democratic Society". The formal micro- and macro-structures, the plan and planning procedures, the operational rules for firms and industries for money and credit markets, are key elements of such a structure. M. Szostak presented a study on "Nationalization of Private Foreign-owned Firms and Self-Management Experiences in Third World Countries". Until now nationalization has played a very limited role in the development of self-management in underdeveloped countries.

S. W. Kalagbor discussed as a lesson for developing countries "Political Democracy and Economics of Self-Management in African Countries". J. G. Espinosa discussed "The Monetarist Failure of the Last Decade and the Perspective of Self-Management in Latin America". He emphasized the need for an alternative development in most of the new democracies. Workers' participation is being considered in several cases as an important element of such designs of the future development of societies.

### *Closing Remarks*

The foregoing report has shown very clearly that a global conference was indeed a feasible undertaking. It must however be realised that — as was the case during the previous meetings — most attention was concentrated on the continent in which the event actually took place.

Although it was felt desirable to organize future events either in Asia or Africa, it was decided — for reasons of implementability — by the plenary meeting that the next meeting would take place in Vienna, Austria, in 1988 and that the 1991 Conference would be organized in the United States by a team from Cornell University and Hamilton College.

Lastly, it should be mentioned that the plenary session of IA-FESM (The International Association for the Economics of Self-Management) expressed its great appreciation to CIRIEC, which had provided superb organizational support.

*FOURTH INTERNATIONAL CONFERENCE ON THE ECONOMICS  
OF SELF-MANAGEMENT*

*Liège, Belgium — July 15, 16 and 17, 1985*

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# INTERNATIONAL ASSOCIATION FOR THE ECONOMICS OF SELF-MANAGEMENT

## R U L E S

### *I — Name and Headquarters*

1. The name of the Association shall be: *The International Association for the Economics of Self-Management*.

2. The Headquarters of the Association shall be situated in Zagreb until such time as the Council of the Association determines otherwise.

### *II — Purpose and Fields of Interest*

3. The purpose of the Association is to promote scholarly exchange among persons interested in the economics of self-management, in the economic theory, policy, planning and development of societies employing worker management.

4. The Association will also respond to requests for assistance in establishing worker management at the firm or at the national level by facilitating contacts with appropriate organizations and individuals, and in other ways.

5. The Association will contribute to the growth of knowledge in the denoted area and to the solution of practical problems by research, instruction, symposia, expertise and publication.

6. The Association sponsor the publication of the learned journal *Economic Analysis and Workers' Management*.

### *III — Membership*

7. The Association shall be a working body whose membership is composed of scholars actively engaged in the fields of interest of the Association, each member participating in his individual capacity.

8. The first members of the Association shall be those persons who attended the First International Conference on the Economics of

Worker Management in Dubrovnik, held in October 1978, as well as the correspondents and the Council Members of the EAWM. To become a member subsequently, a person must be proposed to the Council by two members of the Association, nominated by the Council and accepted by the majority of members working on his candidature. All members shall have an opportunity to vote on such candidates as may be proposed and nominated, and no person shall be elected to membership unless he or she has been proposed and nominated. Members proposing a person for membership who fails to obtain nomination by the Council may appeal against the Council's decision at a regular business meeting of the Association, and if the majority of the members present vote in favour of nomination, the person shall be deemed to be duly nominated.

9. National associations with the same purpose, self-governing collectives, labour unions, international and other organizations may be admitted to institutional membership. The application is submitted to the Council, which then takes the decision.

10. The Council shall periodically review the membership of the Association, and if any member shall be deemed by the Council to have ceased to take an active interest in the Association's activities, the Council shall have the right to recommend to the Association that his membership be terminated.

11. Members decide on all matters concerning the Association at their business meetings. Decisions are taken by the majority vote of all members present.

#### *IV — The Council*

12. The governing body of the Association shall be a Council consisting of seven members elected by postal ballot and four or more members co-opted by the elected members.

13. Elections to fill expired terms and other vacancies in the Council shall be held biannually. All nominations and elections of Council members shall be carried out by mail canvass of the Association's membership. No person may be a candidate unless nominated. Nomination shall be made by any two members, other than the candidate nominated, in writing and submitted to the Secretary not less than three calendar months before the fixed election date.

14. All elected members of the Council shall serve for six years. No member of the Council shall be nominated for re-election at the time of his retirement from the Council.

15. The co-opted members of the Council shall be chosen by vote of the elected members and each coopted member shall serve for two years.

16. The Vice-President of the Association, and in the first Council, the President as well, shall be elected by the newly-chosen Council after their election. The Vice-President serves as the President in the next term and is elected from among the membership of the Council. The

term of office of the President cannot be less than two years nor longer than four years, and is determined by the interval between two general meetings of the Association.

17. The Council shall make such regulations as may be necessary for the transaction of its own business. Unless the Council otherwise determines, at all its meetings seven members shall form a quorum and all questions shall be decided by a majority vote of those present.

18. The Council may appoint, from its own membership, an executive committee to implement the general policies which it decides upon, and may appoint committees of members of the Association for special purposes.

19. The Council shall establish and maintain a suitable secretariat upon such terms as the Council may deem fit.

20. The Council shall make plans and arrangements for meetings of the Association.

21. The Council shall have the power to invite non-members to meetings of the Association, and shall also have the power to circulate documents and other bibliographical material amongst non-members at its discretion.

22. The Council shall arrange for such elections and referenda as are required under those rules and, at its discretion, for referenda on other questions.

#### *V — Voting Procedure for Council Elections*

23. Each voter shall write down the names of all the candidates in order of preference, candidates who rank equal being bracketed together.

24. For each voter, the most preferred candidate shall be given a score of one, the next preferred candidate a score of two and so on, equally ranked candidates each being given a score equal to the mean of the score which such candidates would have together if they had been ranked one before the other. In this way, scores will be assigned to all candidates.

25. The resulting scores obtained by each candidate shall be added together and the appropriate number of candidates with the smallest scores shall be declared elected. In the event of ties, a random choice between tied candidates shall be made.

#### *VI — The Secretariat*

26. Among its duties, the Secretariat shall, so far, as conditions permit and at the discretion and under the control of the Council, maintain a bibliographical service, circulate documents among members, organize and issue the proceedings of meetings and conferences, and keep members informed concerning work in progress and news items of interest to members.

*VII — Property, Funds and Membership Dues*

27. All income and property of the Association from whatever source derived shall be applied solely towards the promotion of the purpose of the Association as set forth in these Rules.

28. The property and funds of the Association shall be held and administrated by *Economic Analysis and Workers' Management* or such other institution or body as the Council may from time to time appoint as fiscal agent of the Association.

29. Membership dues shall be equal to the subscription rate for I.: A. W. M. Members receive the journal free. The dues of the institutional members shall be determined by the Council.

*VIII — Accounts*

30. True accounts shall be kept of the sums of money received and expended by the Association and the matters in respect of which such receipts and expenditures take place and of the assets, credits and liabilities of the Association. At least once annually the accounts shall be examined and the correctness of the Statement and Balance Sheet ascertained by the Social Accounting Service or a properly-qualified auditor.

*IX — Amendments*

31. Amendments to these rules, after having been considered by the Council, may be adopted by approval of a majority of the members voting on the amendments. All members have an opportunity to vote on proposed amendments after their consideration by the Council.

*X — Winding up*

32. If, upon the winding up or dissolution of the Association, there remains, after the satisfaction of its debts and liabilities, any property whatsoever, this property shall be transferred to EAWM. If the Journal shall have ceased to exist, the property shall be transferred to some other Association, to be determined by the members of the Association at or before the time of dissolution or in default thereof by some judge of the High Court of Justice as may have or acquire jurisdiction in the matter.

Adopted by the founding members of the Association at the business meeting in Cavtat, 13th October, 1978. Ammended at the Liège Conference, July, 1985.