

press release

25 September 2018

Gavin Oldham OBE dismisses Shadow Chancellor's increased share ownership plans suggesting they don't go far enough

Gavin Oldham, Chairman of The Share Centre, provides his thoughts on John McDonnell's proposal for collective employee share ownership:

"One of the eye-catching proposals from John McDonnell at the Labour Party Conference is for increased share ownership by employees. In principal, the concept of greater participation by individuals – whether employees, customers or just individual investors – in the capital of businesses at the heart of British enterprise should be welcomed.

"However, John McDonnell's proposal for enforced 'collective employee share ownership' amongst businesses with more than 250 employees is simply a thinly disguised attempt to provide unions with a seat, and therefore direct influence, on UK company boards. His proposed threshold for employee numbers dovetails with the level which applies for potential union representation. The mechanism of collective ownership suggested would provide employees with no sense of asset-based participation, no holding of something of value: in short it is no substitute for individual employee share ownership.

"The plan has been described as not unlike John Lewis & Partners. However, one has to ask why, if such structures were so beneficial, are there not more of them in existence? When John Lewis was started by John Spedan Lewis, there was much less job mobility, therefore enabling a scheme which had its roots in Victorian paternalism to become established.

"Gordon Brown, as Labour Chancellor, introduced a far-reaching employee ownership structure called the 'All Employee Share Ownership Plan', now known as the Share Incentive Plan. This

the**share**centre:

provides a much stronger basis for individual employee participation and retention of capital value, and is the most tax efficient UK investment plan in existence (more so than personal pensions).

"What's needed is further extension of the Share Incentive Plan, and encouragement for firms to actively offer this to their employees. The Share Centre have already proposed to the Chancellor that, in his November Budget, he should introduce a scheme whereby if an employer has not chosen to introduce a corporate sponsored version of the plan, individual employees should be allowed to open an account of their own, with a provider of their own choice.

"Meanwhile it is disingenuous for John McDonnell to use the language of employee share ownership as a cloak to disguise his bid for trade union influence over business, and it is not surprising that the CBI have seen through his real intentions. He, and others, should be seeking real employee, customer and, more broadly, greater individual participation in share ownership and the equity that supports the businesses which will fuel economic growth."

--Ends--

These views are the personal views of Gavin Oldham and not of The Share Centre.

Notes to editors

We have an **ISDN line** for radio interviews and a live in-house broadcast camera via the **Globelynx network** for television interviews. Please contact globelynx@globelynx.com to make a booking.

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