

CHAPTER THREE

Prospects for Worker Participation in Management in the Single Market

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X->UROPEAN ECONOMIC INTEGRATION'S takeoff since the mid-1980s is among the more unexpected and dramatic stories on the world stage in a period in which surprises have abounded. Driven by their own fears of perceived stagnation, "Eurosclerosis," policymakers at national and European levels coalesced around a single European market project which promised to transform the EC's supposedly tired old welfare states into a juggernaut of economic dynamism.

As many have pointed out, business and government have led this project; it is essentially a market deregulatory project into which labor, with little choice or initial participation, was pulled along.¹ The project moves forward at a time of union decline and weakness in most EC countries; and it is precisely in opposition to many labor-supported market regulations that major business actors can agree. As labor has attempted to get back into the rapidly developing European game, a defense of social standards and protections at the European level and within the member states has become a critical union strategy and a major battleground on which employer and worker interests meet.

This paper examines the development of and debates over the so-called social dimension of the single market project, with particular reference to the issues of employee information, consultation, and participation rights. The Social Charter, issued by the European Commission and agreed to in

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1. Sandholtz and Zysman (1989); Mosley (1990); Streeck (1991).

December 1989 by eleven of the twelve member states of the Council of Ministers, lists the expansion of such rights as one of its planks. In principle, therefore, most employers, governments, and unions are in agreement; the problem comes in implementation and regulation.

Unions by and large favor expanded legal rights to worker participation in management (WPM), both at European and national levels; this sort of WPM is referred to as *negotiated*.² Employers, on the other hand, favor voluntary arrangements that often turn out in practice to be *employer led*. The distinction between negotiated and employer-led WPM is at the heart of the European debate on this issue, a debate that shows every sign of evoking a protracted process of negotiation and political mobilization involving unions, employers, national governments, and the European Commission, Parliament, and Council.³

This is a high-stakes issue: for unions attempting to remain major actors in the rapidly changing new Europe; for employers seeking new input and productivity from employees as well as managerial freedom and control; for proponents of new post-Fordist production models that include employee involvement and closer labor-management cooperation; for social democratic advocates of expanded industrial democracy; for national governments balancing conflicting claims of domestic interest groups; for the European Commission and Parliament, each seeking to give substance to a popular social dimension in the unleashed European market integration project. And not only is WPM a critical issue in its own right: the European debates surrounding WPM also serve as a lens shedding light on the broader prospects for social policy in a single European market—the social Europe debate.

While WPM is indeed spreading in Europe as one aspect of market-driven production reorganization, the employer-led variety has largely accounted for this expansion. At the European level, the union-social democratic campaign for negotiated WPM (which has gained in intensity since 1988 but which actually dates to the early 1970s) has met so far with little success.

The reasons for this lie in politics and institutional configurations.

2. For shorthand purposes, the abbreviation WPM is used, as in Strauss (1982).

3. The Council of Ministers, composed of ministers from the twelve member states, is the EC's decisionmaking body. The Commission is the administrative body; it proposes legislation for discussion in Parliament and decision by the Council. The European Parliament, with proportionally represented elected delegates from every member state, is primarily a discussion forum, with little formal power other than certain veto rights.

Employer-led WPM is the default outcome and is often initiated in order to forestall negotiated WPM.⁴ Negotiated WPM requires specialized institutions (especially works councils) and unions that are strong and cohesive enough to use these institutions effectively. In those nations where both of these requirements are met, negotiated WPM exists and arguably has grown in importance in the past decade. This is true especially of Germany but also of the Netherlands, Denmark, Belgium, and countries outside the EC such as Sweden. Where one or both of these requirements are lacking, negotiated WPM has made less headway. At the European level, unions have lacked the strength and cohesion to play a leading role in institution building; the necessary institutions for negotiated WPM are absent as well. Employers and their political allies have had sufficient strength within the single market effort to prevent adoption of regulations and creation of institutions that are not to their liking. Therefore amid the current dynamics of European integration, the political and institutional requirements for expanding negotiated WPM have been missing.

Strauss has identified four principal kinds of WPM: direct (quality circles, teamwork, semiautonomous work groups); profit-sharing; works councils; and company board membership.⁵ Broadly speaking, the first two are identified with employer-led WPM initiatives while the latter two are negotiated, including active union participation in the establishment of such forums. The lines have blurred in recent years: while most unions continue to prefer wage increases to profit-sharing, they have in notable cases taken a new interest in direct participation by groups of workers (e.g., the promotion of group work⁶). Employers, for their part, have accepted works councils and employee board membership where these are mandated by law, by central bargaining agreement, or both but have continued to oppose them elsewhere (in particular EC countries and at the European level). Renewed employer interest in direct participation and profit-sharing is driven by changing market circumstances; and these employer-led forms of WPM appear to be spreading in Europe.

4. Some theorists of worker participation, especially those who fall into the conflict or opposition-oriented camp, make a distinction between pseudoparticipation (employee issues in which management defines the issues to be considered) and more substantive participation (negotiated). For a brief, useful discussion of this and other perspectives on participation, see Stern (1988, pp. 397-98).

5. Strauss (1991).

6. Turner (1991, pp. 111-17).

the United States. Nevertheless, the European debate concerns negotiated WPM.⁷

The contemporary expansion of WPM and the surrounding debates are not driven primarily by Europe 1992 processes but by the same forces pushing European governments toward greater integration. These forces include intensified world market competition, the rise of Japanese production models (which include integrated enterprise unions), the rapid spread of microelectronic technologies, and managerial imperatives to reorganize production and work.

Employers have discovered in many cases that reorganization is more effective and that productivity and flexibility can be increased if employees are consulted in advance and on a regular basis, Japanese production models that include some direct WPM in the office and on the shop floor are particularly instructive. Many unions have discovered that in these reorganization processes, union influence is best preserved where some form of negotiated WPM obtains.⁸ Both sides have felt pressure within their ranks arising from new demands for participation and voice, especially from younger workers and white collar, technical, and professional employees (whose numbers are growing). Therefore, both employers and unions in most EC countries are promoting various, and often quite different, forms of WPM. In this context, the drive toward European economic integration has served both to accelerate the urgency of these projects and provide a new battleground at the European level where the different concepts contend.

Thus, WPM is spreading but in quite different ways. The specific shape and direction of change or expansion varies considerably from country to country, depending on existing national institutions and the political capacities of employers, unions, and governments. Although WPM has yet to spread widely at the European level (in multinational works councils, board participation, information committees, or bar-

7. Despite their importance profit-sharing or direct employee participation will only be considered in passing. Various forms of direct participation, especially quality circles and teamwork, are gaining in importance in Europe as managers seek to respond to new Japanese competitive challenges by adopting elements of Japanese production practice.

As for the two levels of negotiated WPM, works councils are clearly the more important forum, while EC proposals concerning works councils have provoked the most heated debate. We thus focus on works councils as the critical aspect of negotiated WPM, with a secondary look at company board participation. For a discussion of the problems and usual atrophy of employer-organized direct participation, see Strauss (1991). For an argument that worker directors have little effect on company board operations, see Batstone and Davies (1976) and Stern (1988, pp. 404-5).

8. Turner (1991).

gaining), numerous plans have been proposed—both for individual firms and for multinationals in general. There is currently a major EC-financed effort to establish cross-national information committees at large European firms (see below). But the long-term success of such Europe-wide initiatives will depend to a large extent on WPM developments within the member states as well as on the balance of forces and the outcomes of political debate at the European level.

Left to their own devices, employers would be content to pursue their own WPM initiatives with little help from the EC or the unions. Unions are the major promoters of expanded, negotiated WPM. This is true because intensified international competition has placed national, regional, and firm-level collective bargaining under stress. As employers have moved to reorganize work, negotiations have tended to shift to lower levels, leading to widespread decentralization of bargaining.⁹ WPM is a way for unions to maintain their influence under these new circumstances. And at the same time as increasing international competition has put cross-national bargaining on the agenda for unions, new requirements for WPM at the European level (for firms doing business in more than one EC state) afford a possible means for unions to gain a toehold in multinational bargaining.

Germany now has the largest economy in the EC; German employers, unions, and the federal government all make their voices heard in European circles. Moreover, in Germany unions have stayed strong, so that the expansion of WPM, rooted in national legislation, has been negotiated and in some cases even union led (primarily through works councils at the firm and plant levels). In most of the other eleven member states, by contrast, unions have declined over the past decade both in membership density and in influence; and in several of these countries, WPM has neither statutory backing nor the backing of a central national agreement. The expansion of WPM in most of these countries, therefore, has been largely employer led. On balance then, in spite of the fact that Germany has both the dominant economy and most entrenched WPM arrangements, the spread of WPM throughout the EC as a whole has been largely voluntary and along employer models. This is true so far also at the European level, where employers have insisted on guidelines rather than binding legislation in the areas of information, consultation, and participation for employees.

This is the crux of the current debate over the social dimension within

9. Locke (1990).

the Council of Ministers, the Commission, and Parliament. Unions and their political allies want binding measures to "reregulate" the European single market so as to afford the basic social protections currently embodied in national legislation. Employers and their political allies support statements of principle (such as the Social Charter) to guide voluntary implementation of social advances such as WPM at the level of the individual firm.¹⁰

European-level developments thus reflect national developments and diversity. German unions, following the model that has served the expansion of their own influence so well, are the main proponents of expanded participation rights for workers and unions.¹¹ They are currently preoccupied with unification, however. Union weakness in other member states combined with overall employer strength in what has so far been a business-oriented single market project has prevented adoption of binding measures for WPM at the European level. It has also ensured that the spread of participation is for the most part voluntary and employer led.

The following sections examine the history of the European debate on negotiated WPM, the recent union-led campaign and current stalemate, the first European-level works councils, and the existing national bases for negotiated WPM. The evidence shows the continued importance of this issue. It points to a substantial amount of national-level WPM in several member states (especially Germany) within an overall pattern of wide cross-national diversity; the great difficulty of building institutions in Europe today, especially those addressing the expansion of employee and union rights; and continued employer dominance within the single European market project.

WPM and the European Community: The History of the Debate

Unions and their social democratic or socialist allies were early postwar supporters of the European Economic Community, hoping to build union influence and social protections through new Europe-wide insti-

10. See, for example, Rhodes (1991) on the broad European struggle between neoliberals and neocorporatists, labor market deregulation and reregulation, competitive flexibility and constructive flexibility.

11. And comparative research supports the notion that participation works best when backed up by legislation. See IDE (1981).

tutions. However, the Treaty of Rome, signed in 1957 mainly by conservative governments of the initial six member states, adopted a minimalist position on social policy.¹²

By the 1970s, however, the European Commission had begun advocating a more interventionist position on social issues. This view gained in influence as the Social Democratic party (SPD) came to power in West Germany, the Labour party took over in Britain (following Britain's entry into the EEC in 1973), and waves of strikes in various countries beginning in 1968 heralded a resurgence in class conflict in western Europe.¹³ A new period of European-level social activism began around 1974. The current debates over the social dimension, including those surrounding WPM, have their roots in this period. Thus Mosley identifies three periods for European social policy: 1958-73, the period of benign neglect; 1974-85, the period of social activism; and 1987 to the present, the social dimension period, sparked by the new single market project.¹⁴

Social Activism: 1974-85

In the mid- to late 1970s, the Council of Ministers approved directives to expand worker rights in health and safety, plant closings and mass dismissals, firm bankruptcies and changes of ownership, and equal opportunity. After 1979, however, further initiatives were frustrated by the rise of conservative governments, conservative economic policy, and most dramatically by Prime Minister Thatcher's "Mrs. No" perspective.¹⁵ Compared to the aspirations of Europeanist social activists, achievements of this period were modest. In particular, several initiatives to expand WPM rights for employees were unsuccessful.

The European Commission made three proposals relating to WPM during this period. First was the Fifth Directive on Company Law, proposed in 1972, aimed at ensuring employee participation on the boards of public companies (that is, most large European firms). The draft directive recognized the need for flexibility in implementation according to divergent existing national arrangements; but the intent was to regularize Community-wide WPM at the top levels of management.¹⁶

12. Teague and Grahl (1989, p. 170).

13. Crouch and Pizzorno (1978).

14. Mosley (1990, pp. 149-57).

15. Teague and Grahl (1989, p. 170); Dworkin and Lee (1990, pp. 8ff).

16. Pipkorn (1984, pp. 60-66); Northrup and others (1988, p. 529); Teague (1989a, pp. 313-14).

Second was the European Company Statute, proposed in 1975, which offered firms the option of incorporating as European firms for cross-national investment and trade purposes. The proposed statute included provisions to ensure WPM in the new European firms, including a Community-wide works council for each such firm, supervisory board participation for employee representatives, and the possibility of Community-wide collective bargaining.¹⁷

Third was the Vredeling directive (named after then EEC Social Affairs Commissioner Henk Vredeling, a Dutch socialist), proposed in 1980. It was aimed at expanding and harmonizing employee information and consultation rights in "complex organizations" (again, most large European concerns) throughout the EEC.¹⁸ The Vredeling directive turned out to be the most controversial of all three proposals, giving rise to intense controversy at the European level—in the Council, Commission, Parliament, and other forums.

All three measures were discussed and debated at length at the European level and within the member states. All three were revised and rewritten, shunted back and forth among numerous committees, the Commission and the Council; all the while they were debated, at times quite fiercely, in the European Parliament. The proposals were justified on the basis of articles of the original EEC treaty, such as Article 100, calling for harmonization of economic activities and approximation of laws in the member nations.¹⁹ At various times, the discussion focused on one or the other of these measures. By the early 1980s the debate had become intense and around 1983–84, it came to focus on the Vredeling directive (which is still today referred to as the notorious Vredeling proposal in employer-oriented publications).

The most active supporters of these measures were trade union organizations such as the European Trade Union Confederation (ETUC) and the European Metalworkers Federation (EMF). Employers, organized at the European level through the Union of Industrial and Employers' Confederations of Europe (UNICE), most actively opposed inclusion of mandatory WPM within the two directives and the European Company Statute. Although both the ETUC and UNICE, as well as other organizations

17. Pipkorn (1984, pp. 66-68).

18. Pipkorn (1984, pp. 56-60); Northrup and others (1988, pp. 528-29); Dworkin and Lee (1990, p. 11).

19. Pipkorn (1984, pp. 49-54). Eurojargon is an unfortunate affliction with which all students of contemporary European integration must contend. Harmonization and approximation are terms that refer to the necessity for EC member states to bring their diverse economic policies and laws into line with one another—falling short, however, of identity. See, for example, Kolvenbach (1990).

representing cross-national worker and employer interests (for instance, at the sectoral level) were only loosely organized, they provided important forums and lobbying vehicles for their various constituent interests, especially in the debates over WPM.

National unions were far from unanimous on these issues. French unions, for example, were much less enthusiastic about any kind of co-determination than were their German counterparts. But within international forums such as the ETUC, German union support, backed by the Belgians, Dutch, and Danes, was more than enough to overcome indifference (or even occasional hostility) from the French unions and others. Thus the ETUC could for the most part speak with one voice in support of the three measures.²⁰ Employers, on the other hand, viewed such legislation as an infringement on their authority especially in countries where such arrangements were not entrenched. An oversimplified way to view the debate that nonetheless captures the essence of the political conflict is to see German unions as the primary advocates opposed by French, Italian, and British employers.

By the early 1980s, however, when these debates came to a head, the timing of events worked against labor. Under the leadership of Reagan and Thatcher, conservative economic policy prevailed (by 1983 even in socialist France). Thatcher and the Tories came to power in Britain in 1979; the historic compromise including the Communist party fell apart in Italy in the same year; Kohl and his coalition led by the Christian Democratic Union (CDU) replaced the SPD in West Germany in 1982; and in socialist France unions remained fragmented and weak. Under the impact of a deep recession in 1980—82, combined with employer and government challenges, unions declined in influence almost everywhere in the EEC except West Germany. Unions and social democrats promoted the Vredeling directive vigorously, in part to reclaim at the European level some of the influence they were losing at home. But employer opposition was adamant and powerful. The social dialogue of the previous years bogged down, and no new European social policy was enacted after 1980.²¹ Ruling out any vestige of hope of a reemergence, Prime Minister Thatcher perfected the art of casting vetoes on the law-making Council.²²

20. The communist CGT, the French union federation most hostile to participation concepts, remained one of the few European union federations outside the ETUC.

21. Venturini (1989, p. 21); Dworkin and Lee (1990, pp. 8-11).

22. There was an additional factor contributing to the Vredeling directive's defeat in the early 1980s: the expensive campaign waged in Brussels and among the member states by lobbyists for American-based firms. As the *Economist* put it, "Europe's unions are no

Achievements of this period were disappointing compared to the aspirations of the Europeanist social activists. All three WPM initiatives were unsuccessful. The Vredeling proposal was shelved in 1986, precisely the year in which the Single European Act launched the drive toward the 1992 single market.

The Social Dimension: 1987 to the Present

Observers have argued that world economic problems since the mid-1970s, and specifically the intractable economic difficulties faced by western European societies, are related to new challenges faced by the dominant Fordist production system.²³ As the Japanese reinvented production, modifying traditional concepts to produce high-quality goods at low cost and enhancing their capacity to change product offerings quickly, European firms were forced to begin their own processes of reorganization in order to remain competitive. By the early 1980s, these processes included rapid technological change, challenges to union influence and established shop floor bases (contributing to union decline), expanded employer-led WPM (to motivate workers and elicit work force contributions to productivity growth), and widespread decentralization of industrial relations. However, in the eyes of many European business leaders (especially the Roundtable of European Industrialists) and government policymakers, the pace of change was too slow. European firms were falling behind, unable to keep up with Japanese growth rates, productivity increases, investment levels, or market shares. It was also clear that the United States was unable to provide either the leadership or resources to guide Europe out of its economic doldrums. In the face of these new problems, European business and government leaders, organized by Jacques Delors of the European Commission, launched the single market project to spur the needed levels of investment and processes of reorganization.²⁴

Thus the same world market forces and political responses were driving union decline, production reorganization, decentralization of industrial relations, expanded employer-led WPM, and Europe 1992. The single market project was initiated, as a product of political negotiation,

match for America's multinationals" (October 16, 1982, p. 77). See also a follow-up article in the *Economist*, June 25, 1983, p. 54.

23. See Piore and Sabel (1984); Boyer (1988); Teague and Grahl (1990, pp. 170-72).

24. Sandholtz and Zysman (1989).

by an alliance between large businesses, governments, and European elites based on business and government deregulation goals of the 1980s. Labor was in effect excluded from the project in its takeoff period when unions (and the Left generally) were in decline in much of the Community. At the same time, labor's opposition to deregulation was neutralized by traditional unions' and social democrats' support for European integration.²⁵

As events unfolded, the severe threat this deregulatory project posed for established national bases of union influence became clear. Therefore, beginning around 1988, national unions organized at the European level through the ETUC seriously began to take up the banner of the social dimension. Labor would agree to and support open markets in return for upward harmonization of social standards and protections at the European level. But labor was not the only proponent. Several EC governments and even business in some quarters (notably Germany) expressed interest in a social dimension—to prevent social unrest, perhaps, but more importantly to head off capital flight from northern Europe to southern Europe. There were thus two main sources of interest in the new social dimension. Unions saw it as a means to protect and improve worker standards and to maintain or rebuild union influence at national and European levels. Second, certain governments and employers supported it to prevent social dumping, which could choke the high productivity growth anticipated in the single market vision.

Much of the social dimension is in fact noncontroversial, at least for all EC countries except Britain. There is broad agreement on such issues as the free mobility of workers, structural funds (to transfer money from wealthier to poorer countries for training and employment projects, infrastructure, and so on), and the convergence of national labor market policy in such areas as social security, worker training and job creation.²⁶ But for such issues as the length of the work week, regulation of part-time and temporary work, and employee information, consultation, and participation rights, controversy has been intense. Employers and their political allies continue to resist any binding measures in these areas with the same intensity they demonstrated in earlier battles against the Vredeling proposal and the inclusion of mandatory WPM in the draft Fifth Directive and the European Company Statute.²⁷

Jacques Delors, backed by French President Mitterrand, has played an

25. Streeck (1991).

26. Teague and Grahl (1989, p. 55).

27. See Teague and Grahl (1989, pp. 55-58).

important role in the social dimension debate. Some observers contend that the turn toward conservative economic policy by these French socialists made the Europe 1992 project possible.²⁸ But along with his promotion of the single market, Delors called early on for the inclusion of social protections. First, he initiated the so-called Val Duchesse dialogue between representatives of business and labor and charged the Economic and Social Committee of the European Commission (including both employer and union representatives) with developing social proposals. But progress was slow as employers sought mutual understandings rather than binding measures, especially in such areas as labor relations and WPM. The ETUC complained that labor remained excluded in any substantive way from the 1992 project. Delors then chose the ETUC conference in Stockholm in 1988 to launch the campaign for a social charter. Fundamental to this vision of a social Europe were expanded information, consultation, and participation rights for employees, a position that Delors articulated forcefully.²⁹

In spite of national differences—German and Dutch unions, for example, strongly favored WPM; others were less enthusiastic—the ETUC passed a strongly worded resolution in favor of a social charter that included significant WPM provisions. In December of the same year, the ETUC officially adopted its own Community Charter on Social Rights, endorsed by all thirty-six member union confederations. The charter included a call for WPM rights for all employees in the European Community, and demanded that the entire charter be legally binding.³⁰

The social Europe battle had begun, with WPM as a major focus of the debate. When a social charter proposed by the Commission was adopted in somewhat watered-down form in December 1989 by eleven of the twelve member states, debate merely shifted to the implementation process—the action program and related measures. Proponents of the charter and action program included the ETUC, the European Commission, and the European Parliament. German unionists continued to play a leading role within the ETUC. On the participation issue, they were now backed not only by the Danes, Belgians, and Dutch, but increasingly by the British, Italians, and Spaniards who claimed to have learned from

28. Sandholtz and Zysman (1989).

29. See, for example, the reporting of this event in *Industrial Relations Europe*, vol. 16, (June 1988), p. 1. See also Silvia (1991, pp. 633-34). And Delors kept to this position: in 1990, he continued to place information, consultation, and participation rights among "the most urgent aspects of the Commission's Action Program," Lodge (1990, p. 147).

30. Silvia (1991, pp. 633-34).

their reverses of the 1980s and now saw the value of statutory WPM. Within and beyond the Social Charter, the ETUC promoted information and consultation rights (in works councils or consultation committees), worker directors on company boards, and cross-national Community-wide bargaining for firms with branches in more than one member country. The ETUC supported a new version of the European Company Statute and envisioned revised versions of the Fifth Directive and the Vredeling proposal as aspects of implementing the Social Charter.

Commission officials (including Delors) argued that WPM offered protection against the spread of social dumping, which could wreck the single market project; that WPM made for better management, of which German economic success was strong evidence; and that it was impossible to offer firms an option such as European incorporation unless some form of negotiated WPM was included, since several member states had this already.³¹

The European Parliament also emerged as a strong supporter of the Social Charter and its WPM measures. Many of its members had run on platforms espousing a social dimension (including WPM) in the 1989 elections. The Left (broadly defined) claimed 261 seats to 242 for the Right; and among the delegates of the Right were many Christian democratic supporters of a strong social dimension.³² Although still mainly a debating forum, the Parliament began to use the popular social dimension to increase its own voice, putting pressure on Delors and the Commission to propose strong measures.³³ In the summer of 1990, the European Parliament, backed by a large majority, called for extensive and binding WPM, declaring that it expected directives to this end from the Commission as part of the action program as well as new legislation to establish a framework for cross-national collective bargaining.³⁴

The employers' confederation, UNICE, agreed for the most part with the idea of the charter as a statement of principle, as long as implementation was to occur by means of "subsidiarity" (that is, decisionmaking

31. It should be noted that these are three quite different arguments, likely to be supported by quite different interests (German employers, for instance, might support the first, government officials and intellectuals the second, and unions the third). The Commission has thus aimed to be all things to all people, which accounts in part for its great difficulty in producing broadly acceptable specific measures on the issue of WPM in Europe.

32. "European Parliament Election Results," *European Industrial Relations Review*, vol. 186 (July 1989), p. 2.

33. Lodge (1990, pp. 147-48).

34. "Parliament Wants EC Labour Court, Bargaining Rules," *Industrial Relations Europe*, vol. 18 (September 1990), p. 2.

and implementation performed at the lowest possible level). In general, employers favored a social dimension in order to improve industrial competitiveness, but not to expand industrial democracy. UNICE took a consistent and active position against any measures that would obligate firms to expand worker participation. As in the earlier battles over the Vredeling proposal, European employers were reinforced in this position by vigorous and well-financed lobbying by the U.S. Chamber of Commerce delegation in Brussels.

The most vociferous opponent of the Social Charter and any proposed expansion of WPM rights remained the British government. Although the Commission diluted the provisions of the charter to gain British support, the Thatcher government in the end refused to vote for it. Any hint of WPM rights elicited the British government's veto threat in the Council. As Thatcher put it: "I say to people on the Continent: 'Stop talking about worker participation in business management. You are back in the Marxist era!'"³⁵ Two poles of opinion could, therefore, be defined: a maximalist position on the social dimension supported by the unions, Parliament, and the Commission; and a minimalist position supported by employers and Britain.³⁶

In December 1990, as part of the Social Charter's action program, the Commission issued a new draft directive calling for the establishment of European works councils at large firms (those with more than 1,000 employees total and with at least one hundred employees doing business in two or more EC countries).³⁷ This appeared to be a more flexible version of the defeated Vredeling directive—so flexible in fact that it was sharply criticized by IG Metall President Franz Steinkiuhler.³⁸ Criticism of this new European works council legislation escalated in early 1991: while labor found it "too timid and limited," UNICE attacked it as harmful to business, management authority, and free bargaining.³⁹

Meanwhile, the Fifth Directive found new life as part of the social dimension; although the possible forms of representation became increasingly flexible as the debate proceeded, employers continued to op-

35. Interview with the editors of *Readers' Digest*, published first in a newspaper advertisement, *International Herald Tribune*, April 19, 1989, p. 13.

36. Teague (1989a, p. 326).

37. "Draft Directive on European Works Councils," *European Industrial Relations Review*, vol. 204, (January 1991), p. 2.

38. Steinkiuhler criticized it for applying only to very large firms and for allowing firms to withhold extensive information on the grounds of business secrecy.

39. "Euro-Company Statute 'Should Give Workers More Say,'" *Industrial Relations Europe*, vol. 19 (March 1991), p. 1.

pose any attempt to mandate employee participation on company boards. The proposed European Company Statute offered three forms of participation: supervisory board (the German model); works committee (the French model); or any other negotiated version agreed to by both labor and management (the Swedish model).⁴⁰

In the meantime, WPM cropped up in a variety of different forms for specific issues. For health and safety, for example, firm-level joint committees were included in European Commission directives. More controversial, however, were directives concerning the introduction of new technology and the regulation of temporary and part-time work which called for labor-management information sharing and consultation. The WPM issue refused to go away; if anything, the debates showed signs of expanding and intensifying in the early 1990s.

With the opening of eastern Europe in 1989 and the unification of Germany in 1990, European economic (and possibly political) integration took on a new urgency.⁴¹ EC policymakers prepared a second round of integration initiatives, encompassing steps toward monetary and political union. Driven in part by this urgency but also by frustration at the lagging pace of social initiatives, policymakers at the Commission and in the member states began a new effort in late 1990 to expand the concept and practice of qualified majority voting.

A key provision of the Single European Act passed in 1986 was to require qualified majority voting on the Council of Ministers instead of traditional EC unanimity for measures aimed at implementing the single European market. This provision was critical in speeding up the decisionmaking process and making further economic integration possible. But Article 100A of the Single European Act specifically excluded "the rights and interests of employed persons" from majority voting. As a result, social issues such as health and safety were eligible for majority voting; meanwhile others such as WPM, precisely the most controversial issues, required unanimity. And the British government, at least under Thatcher, was outspoken in its intent to use its veto power to block new information, consultation, or participation rights for employees.⁴²

40. "Criticism Grows on All Sides over Euro-Council Draft," *Industrial Relations Europe*, vol. 19 (February 1991), p. 1.

41. Story (1990, p. 165).

42. Peter Lange has persuasively argued that Britain's propensity to veto in a voting system requiring unanimity has made possible all kinds of "cheap talk" by the other member governments, who are free to posture to please domestic groups on such issues as the social dimension. In the absence of a British veto threat or given a shift to qualified majority voting, the apparent widespread support for social issues including WPM could become

As the social debate escalated, the demand for majority voting intensified. Already in 1989, the European Parliament had called for broad majority voting to implement the Social Charter.⁴³ In August 1990, Italy proposed that the Council adopt majority voting for labor and social legislation, to speed up policy-making. At year's end, Belgium submitted its plan to have qualified majority voting extend to all labor issues. But the legal and political reality remained unchanged: it required unanimity on the Council to shift to majority voting.

A breakthrough on the issue of qualified majority voting finally came in late 1991 in the form of the "midnight surprise" social protocol appended to the New Treaty on European Union signed at Maastricht. Eleven countries agreed to shift to qualified majority voting for many social issues, including information and consultation, but not participation. (Britain again opted out.) In addition, the social partners, UNICE and the ETUC, were given expanded authority to negotiate broad agreement on issues such as WPM. By mid-1992, however, it was still not clear whether the Maastricht Treaty would be ratified, nor was it clear whether the social partners would succeed in negotiating agreement or whether member governments were prepared to use qualified majority voting in pursuit of social goals.

So the debate continued. Some were prepared to declare labor's defeat on the social dimension, at least in the short run.⁴⁴ A new strain of Euro-pessimism took hold, which saw in the 1992 deregulation effort labor's failure to recreate institutions of regulation at the European level (for such purposes as collective bargaining and WPM) and the gradual erosion of such bases of union influence at the national level.⁴⁵ Outcomes for all social issues including WPM, however, remained uncertain, subject to political conflict and negotiation.⁴⁶ At the very least, the Social Charter represented a benchmark for those at the national and European levels seeking to expand social rights in areas such as WPM.⁴⁷ But by 1992, although there had been considerable negotiation and debate, no concrete measures had been adopted by the Council to implement any controversial aspect of the charter, WPM included. In other words, the

much weaker (remarks from a presentation at a Western Societies program seminar, Cornell University, March 8, 1991).

43. Mosley (1990, p. 157).

44. Silvia (1991).

45. Mosley (1990); Streeck (1991).

46. Teague (1989a); Lodge (1990); Story (1990).

47. Lodge (1990, pp. 140-41).

minimalists have so far won out. This is not surprising given the current balance of political forces, a decade of union decline in most countries, employer leadership in the 1992 project, and the current economic slowdown.

Multinational Works Councils and Community-wide Bargaining

In spite of extensive speculation and discussion as well as occasional advocacy from European unions and the ETUC, there has been virtually no multinational labor-management bargaining in Europe to date.⁴⁸ With very few exceptions, unions have yet to produce fully developed proposals for multinational bargaining or to mobilize cross-nationally in support of such a goal. The closest efforts in this direction so far have been a few cases of European-level works councils that have been recognized by management.

In June 1988 the European Metalworkers Federation (EMF) took a position in favor of works councils at the firm level with specified rights to information and consultation for companies with operations in more than one European country. IG Metall President Steinkühler endorsed this concept in a major public campaign including press releases, a conference, and a book on unions and the social dimension.⁴⁹ Since then, the European Metalworkers' Federation has worked with numerous cross-national groups of unions seeking to establish such committees or councils, with recent funding support from the European Commission.

Employers, however, have shown great reluctance. The "EMF model" was at first officially recognized only at two French-based multinationals, Bull and Thomson. The latter was the first of its kind, dating from a 1986 agreement between Thomson and the European Metalworkers' Federation.⁵⁰ Such agreements, which the federation is working to spread, establish information and consultation committees for union work force representatives from the various countries in which the firm operates. The federation has referred to the Thomson experience as the first European works council.

A similar agreement exists at BSN, a French multinational in the food

48. Union initiatives began in the 1970s with the establishment of sectoral International Trade Secretariats, but these were largely ignored by employers.

49. See Steinkühler (1989, pp. 16-19).

50. Northrup and others (1988, pp. 532-33); Baun (1990, pp. 21-22).

business.⁵¹ From a union point of view, the shortcoming in these three experiences is that they have largely proven to be employer led, and the firms concerned are based in a country where unions are weak. Even to the extent that employers are willing to accept such arrangements, they are opposed to allowing them to develop beyond the stage of information committees and into more active WPM. As Northrup, Campbell, and Slowinski put it, "Multinational employers, even those who have participated in such consultative mechanisms, are likely to resist any pressure, whether from union or governmental sources, that would transform consultation into negotiation."⁵¹

In an effort to provide a more advanced model of European-level WPM, in 1990 the general works council at Volkswagen in Germany initiated the establishment of a European works council composed of representatives from VW and Audi in Germany, VW in Belgium, and SEAT in Spain (owned by VW). VW management was present at the founding meeting and in February 1992 officially recognized the council and its right to meet at company expense, receive information, and discuss issues of strategic importance with management. The VW effort is in part a response to the tedious decisionmaking process at the EC concerning worker rights; and the VW European works council members are explicit in their intent to set an example that will inspire other cross-national union collaborations as well as influence the work of the European Commission.⁵³ The works council and union at VW have at important junctures in the past served as a model for the German labor movement and for labor-management relations. The extension of this role to the European level is a much more ambitious, complicated, and problematic undertaking.

There is currently an effort under way to establish additional cross-national information committees (now referred to as European works councils, or EWCs) at a number of large European multinational corporations. Organizing meetings are funded by the European Commission at a total amount of 14 million ecus in 1992 and a budgeted 17 million in 1993. Although this may be an important first step, it remains unclear

51. This one also dates from 1986, based on an agreement signed between the company and the International Union of Food and Allied Workers' Unions (IUF) and its European affiliate, the European Committee of Food, Catering and Allied Workers' Unions (ECF), Northrup and others (1988, pp. 535-36).

52. Northrup and others (1988, p. 540).

53. *BR-Kontakt* (newsletter of the VW general works council at Wolfsburg) (June and September, 1990).

both how many of the new committees will walk on their own feet when EC funding expires and to what extent information may expand into consultation and more substantive participation.

To summarize, the evidence presents a consistent picture of an unsuccessful but protracted and continuing union-led campaign for Community-wide WPM rights. Negotiated WPM does exist, however, at the national level, especially in Germany.

WPM at the National Level

Established worker rights will have to be defended in the new Europe from the national level; it is from this basis that cross-national efforts to expand negotiated WPM will be built. The following sections consider negotiated WPM in the member states, with an emphasis on Germany; briefer looks at France, Britain, and Italy; and a glance at the remaining eight countries.

Germany

The German version of WPM, known as codetermination (*Mitbestimmung*), is an integral part of an industrial relations system that has been widely recognized for its success. There are two poles to codetermination: employee participation on company supervisory boards and elected works councils at the plant and firm levels. The rights and obligations of worker representatives and management at both levels are spelled out in detailed national legislation passed in 1951, 1952, 1972, and 1976.⁵⁴

Board representation, although not insignificant, is the least important of the two poles of codetermination. Supervisory boards meet only a few times a year, with day-to-day decisions made by a separate management board, which is, however, elected by the supervisory board. For the worker representatives on these boards (usually works councilors and union representatives), these meetings afford occasions to learn of company financial and strategic planning. The access to information and the ability to speak out at top levels has sometimes served works council and union interests and smoothed labor-management negotiations. Yet except in the iron, steel, and coal industries, which have parity representation on the boards, labor's minority position on supervisory boards has

54. For useful English-language introductions to codetermination in the Federal Republic, see Streeck (1984) and Berghahn and Karsten (1987).

given codetermination at this level a minor role compared to the daily activities of the works councils.⁵⁵

Works councils are legally independent of both union and management, and they are democratically elected by the entire work force, blue and white collar employees. The public sector essentially has the same arrangement in personnel councils. Representatives serve part time at smaller firms, and there is a mix of full- and part-time councilors at larger firms. All works council costs are paid by the firm.

Works councils are empowered by law, precedent, and plant- and firm-level agreements to receive full information and consult with management prior to the implementation of decisions affecting personnel. In specified areas, works councils have veto rights, giving true meaning to the term "codetermination."⁵⁶

How does this works council system work in practice? From a management point of view, there are many actions a firm cannot take without first consulting the works council. In such areas as the introduction of new technology and job design, management is required to inform the works council and listen to comments and suggestions prior to implementation.⁵⁷ In these areas, management often ignores the wishes of the works council once the consultation obligation is fulfilled. But in other areas, management must either gain the assent of the works council or, in the event of stalemate, submit the matter to binding arbitration. Under the Works Constitution Act, works councils have codetermination rights in the areas of working hours, piecework rates and bonuses, and performance monitoring (Article 87); working conditions in cases where employers have violated accepted principles of suitable job design (Article 91); hiring, firing, transfers, assignment to pay groupings, or job classifications (Articles 95 and 99); and training and retraining (Article 98).

In spite of West German industry's often cited shop-floor flexibility, given the myriad personnel issues involved, management is not free to reorganize work without extensive discussion with the works council.⁵⁸ While decisionmaking may be slowed in this consensus-building process (and the outcome may be altered), once agreement is reached manage-

55. The unions waged a major battle in the 1970s to pass new legislation for parity codetermination on company boards. Although this effort increased the number of worker representatives on the boards of large firms, the goal of parity was not achieved for industries besides coal and steel.

56. Adams and Rummel (1977, pp. 7-8).

57. Works Constitution Act, Article 90.

58. Streeck (1984); Streeck (1987); Thelen (1991).

ment has an important ally in the works council for winning work force acceptance and smoothing implementation.

Germany also has a strong and fairly cohesive labor movement organized into one principal labor federation (the DGB), itself composed of sixteen industrial unions. From 1978 until unification, union membership density of the employed work force in West Germany was stable at around 40 percent.⁵⁹ Relations between unions and works councils are typically close: works councils, especially in the larger firms, are usually dominated by union activists who work closely with the local union office.⁶⁰

At the regional level, fairly centralized unions and employer associations conduct nationally coordinated collective bargaining for entire sectors, establishing the framework for wages, working conditions, and hours within which works councils and managers operate. The unions, with substantial resources at the national level, are in a position to offer works councils important advice on strategy, bargaining, key issues, and daily operations. This is especially true of the larger unions such as IG Metall and works councils at the larger firms.

The degrees of influence and independence of works councils within firms differ widely: variations are identifiable by industry, firm size, and plant history. Tensions also exist between works councils and unions. Works councils have been criticized for plant egoism, and there is a considerable literature in Germany on this problem.⁶¹ Nevertheless, observers have maintained that the particular German institutions of WPM have contributed to the stability of union influence in Germany (and even modest expansion in some areas) at a time of general union decline elsewhere.⁶² Works councilors' capacity to engage actively in WPM from a perspective independent of management would be much weaker without inclusive unions committed to using the institutions of codetermination strategically. If anything, in the past decade the substance of WPM in Germany has expanded as both unions and employers have focused increasing attention on works councils in an era of industrial restructuring, work reorganization, and decentralized bargaining.

Finally, German codetermination has made a substantial positive con-

59. Streeck (1988, p. 20); Niedenhoff (1990, p. 11).

60. In the 1990 nationwide works council elections, 75 percent of elected works councilors were union members, with 92 percent of these coming from unions of the dominant DGB federation (Niedenhoff 1990, pp. 11-12). The DGB share of works council membership has grown steadily since 1978.

61. See, for example, Hohn (1988).

62. See Streeck (1984); Thelen (1991); Turner (1991).

tribution to a level of national economic and industrial success that is unparalleled in Europe. Codetermination has compelled managers to plan carefully, use internal labor markets, train and retrain, and organize personnel effectively. It has pushed management to collect information from and achieve consensus with representatives of its work force, to collect and thoroughly organize information for dissemination to the works council and supervisory board, to rationalize and raise productivity, and to move into more profitable markets in its product strategies.⁶³ By the same token, codetermination has given works councils and unions (and perhaps workers as well) an enhanced stake in the successful operation of the plant and firm.

As the pace of European economic integration quickens, the minimum requirement for German unions is the defense of codetermination at home.⁶⁴ But to the extent that so-called creeping deregulation undermines national institutions, the best defense may be a good offense.⁶⁵ German unionists worry that investment will flee to countries where firms are unburdened by codetermination (not to mention high wages) and that European-level decisions will weaken protections at home. (For example, multinationals based in another country might be allowed to produce in Germany using their own weaker versions of WPM.) Unions are concerned that the proposed European Company Statute could displace German national law in areas such as codetermination in the event a merger replaces a domestic employer with a foreign one.⁶⁶ Franz Steinkühler, president of IG Metall (the dominant German union), argues that German workers will lose what they have fought for at home if German-style industrial democracy does not spread to Europe as a whole.⁶⁷

These concerns have driven German unions to take leading roles within the ETUC and other European-level groupings such as the European Metalworkers' Federation.⁶⁸ They have also driven German unions to seek agreement with their own employers. In 1989, for example, the DGB and the BDA (the German employers association) issued a joint statement calling for general minimum social standards and the alignment of labor law at a high level within the EC.⁶⁹ But as one might ex-

63. Streeck (1987).

64. Streeck (1991).

65. Mosley, (1990, p. 163).

66. Mosley, (1990, p. 156).

67. Steinkühler (1988, pp. 7-21). See also "German Involvement 'Must Be EC Model,'" *Industrial Relations Europe*, vol. 16 (August 1988), pp. 1, 8.

68. Streeck 1990, pp. 11-12.

69. "Employers, Unions Unite over EC Labour Reforms," *Industrial Relations Europe*, vol. 17 (August 1989), p. 6.

pect, German employers are of two minds on these issues. While they would love to see other European competitors face the same codetermination constraints they face, they want the opportunity to do business in other countries in a less constrained way and would not protest if the single European market increased their own leverage at home vis a vis their union and works council counterparts. Therefore, as the Social Charter debate escalated, German employers shifted away from their common ground with the unions and arrived at a moderate position supporting concepts such as WPM but opposing their mandatory extension throughout the EC. Chancellor Kohl's attempt in 1989 to bring the two sides together for a common position in the European debate failed.

German unions, however, will continue to lead in efforts to expand European-level WPM. Strategies will vary and evolve. For example, there is only qualified support for Community WPM directives among the ranks of German union leaders, a reflection of their concern that such measures could undermine Germany's own stronger requirements. The DGB favors minimum standards for information and consultation to build up national WPM in the member states and perhaps lay the groundwork for future, more substantial and successful European-level measures.

France

Although less developed and more limited, WPM is nonetheless widespread in France. At plant and firm levels, workers are represented through staff delegations (*delegations du personnel*), trade union sections (*sections syndicaux*), and works committees (*comites d'entreprise*).⁷⁰ The staff delegations monitor company rules and present grievances, but they have no bargaining power. The union representatives can engage in collective bargaining and represent worker interests in other ways. They also put up slates of candidates for election to the works committee, itself designated to play a limited role in WPM. Established by law in 1946, works committees are elected bodies at firms with 50 or more employees, with rights to information and consultation. Through the works committees, workers and unionists receive advance informa-

70. For brief descriptions of the three basic mechanisms of representation, see IDE (1981, pp. 189-91); and European Trade Union Institute (1990b, pp. 43-47). There is only limited supervisory board participation for worker representatives in France. Two works committee members may attend supervisory or management board meetings in an advisory capacity without voting rights. At state-owned firms and at certain limited liability companies, a small number of worker representatives may sit on the board with voting rights, European Trade Union Institute (1990b, p. 47).

tion regarding company plans, giving them the opportunity to mobilize if necessary. But the committees themselves are chaired by the plant manager and have no formal joint decisionmaking rights except in managing recreational facilities and activities. In most cases this latter area is the major preoccupation of the works committees; on the average they derive two-thirds of their budgets from revenues generated in the recreational programs, with the remaining third provided by the company.⁷¹

At some large firms such as EDF (the national electric company), the works committees are powerful bodies. Their activities often overlap with union representatives' work. Most of the elected committee members are unionists; at large firms they are often freed from normal work duties by virtue of their positions on the committees. Yet even in these cases, works committees generally have not advanced beyond information rights into more extensive WPM for a number of reasons: employers are opposed; French unions have rejected in principle participation in management decisionmaking although one of the principal labor federations, the CFDT, supports worker decisionmaking or "autogestion"; and plant representation is typically fragmented into several contending union sections who may carry their rivalry into their works committee efforts.⁷²

The French labor movement is divided into six principal, often contentious union federations (CGT, CFDT, FO, CFTC, CGC, and FEN). The three largest, the CGT, CFDT, and FO, are all on the left (the CFDT and FO are socialist, but bitter rivals; the CGT is communist and still the largest). Ideological divisions and organizational rivalries among them are intense. Ever since the breakdown of efforts to form a coalition between the socialist and communist parties in 1977, and between the CFDT and CGT in 1980, the French labor movement has been in decline. This has persisted, especially for the CGT, even under socialist governments.⁷³ France is the only industrial democracy with a lower union membership density (12 percent or less) than the United States. Divided and in decline, the unions have hardly been in a position to promote expanded WPM through the works committees or in other ways, even if they were inclined to go in that direction. In fact, in the 1989 works

71. "Works Councils Cost Firms 'FF1,500 a Head Yearly,'" *Industrial Relations Europe*, vol. 17 (October 1988), p. 4.

72. See Ross (1982, pp. 18-19) concerning the relegation of the works committees to marginal status in the early postwar period after the committees were established by union-backed legislation.

73. Bridgford (1990).

committee elections, nonunion candidates for the first time won the largest number of elected committee positions for France as a whole.⁷⁴ The expansion of WPM in France in the past decade has been significantly employer led. Managers have promoted various forms of direct participation, including quality circles and expression groups.⁷⁵ Such programs aim at complementing the works committees on the shop floor; they also appear to have had the effect of further undermining the unions.⁷⁶

As for Europe, the socialist party and the government support worker protections embodied in the Social Charter and its action program, including expanded information and consultation rights. But the French perspective, even the socialist and union views, are decidedly different from the German union perspective. As Jansen and Kissler put it: "Radical democratic traditions, overlapping an individualism which has a definite existence in France, give rise to the fact that common interests hardly ever arise in the area of industrial relations. . . . The co-determination model favoured by Germany is rejected virtually universally in France. Political groups and trade unions object that co-determination presumes harmony to exist where, in reality, conflict rules."⁷⁷

United Kingdom

There is little to say about WPM in the United Kingdom, which has no legal provisions for either works councils or committees or worker board participation. Although in the 1970s *The Bullock Report* (issued by a royal committee) recommended participation by employee representatives on the unitary boards of large British firms, this recommendation was never acted upon. Experiments in this direction at British Steel and the Post Office were abandoned when Thatcher took office in 1979.⁷⁸

In the place of formal works councils, employer-initiated or negotiated "joint consultation machinery" has been established at many firms (34 percent of firms surveyed in 1984 in the Workplace Industrial Rela-

74. Nationwide works committee elections yielded the following results: nonunion, 26.4 percent; CGT, 25.1 percent; CFDT 21 percent; FO, 11.2 percent; CGC, 5.5 percent; CFTC, 4.6 percent; others, 6.3 percent. "Work Council Elections Blow for Unions," *European Industrial Relations Review*, vol. 200 (September 1990), p. 6.

75. Bridgford (1990, p. 132).

76. Bridgford (1990, pp. 132-33); Delamotte (1988).

77. Jansen and Kissler (1987, p. 392.)

78. European Trade Union Institute (1990b, p. 53).

tions Survey).⁷⁹ But according to at least one analysis, these joint consultation bodies are an illusory phenomenon, offering little basis for substantive WPM or its expansion.⁸⁰

As we have seen, the conservative government has been adamantly opposed not only to mandated WPM at home and in Europe, but the entire Social Charter of the EC.⁸¹ The Tories under Thatcher framed the issue as one of employee involvement versus participation. Voluntary employer-led, firm-level involvement is good, they argued; mandated WPM is bad. The former is in keeping with the voluntarist traditions of British industrial relations; as for the latter, however, "formalism and legalism have often been found to be the enemies of effective employee involvement."⁸²

There has indeed been an expansion of employee involvement programs at the firm level in Britain in the past decade as employers have responded to market pressures for rationalization and a greater employee contribution to the production process. As in other countries, there have been experiments with shop-floor teams, quality circles, and labor-management cooperation. In many cases, however, these experiments have foundered. The reasons for failure include longstanding adversarial relations, craft demarcations, and the widespread perception that such programs were part of the general offensive by government and employers against union influence.⁸³ Meanwhile, union membership density in the United Kingdom declined under the Thatcher regime from 54 percent in 1979 to 42 percent in 1987.⁸⁴

In spite of the government's hard line in European circles, 76 percent of British managers surveyed in 1989 expressed a willingness to accept some form of EC legislation on WPM.⁸⁵ It is British unions, however, who in important cases have altered their previous views and become supporters of European integration, the Social Charter, and expanded WPM rights. The Trades Union Council (TUC) is explicit in its goal of regaining through alliances and legislation at the European level some of the influence it has lost at home since 1979. Renewed interest in WPM appears to be an important part of this new focus.

79. European Trade Union Institute (1990b, p. 52).

80. Madnnes (1985).

81. Story (1990, pp. 160-13).

82. According to a recent government report on employee involvement cited in *European Industrial Relations Review*, vol. 192 (January 1990), p. 24.

83. See Madnnes (1985); Wood (1988, pp. 231-39).

84. Towers (1989, p. 175).

85. *European Industrial Relations Review*, vol. 192 (January' 1990), p. 24.

In 1989, for example, one of the TUC's bargaining checklists cited the proposed European Company Statute "model" for information, consultation, and worker participation on company boards. The TUC encouraged member unions to take up these issues in bargaining, arguing that "the 1992 programme gives unions and management an opportunity to test in practice the claim by many" employers that 'voluntary' arrangements are preferable to statutory rights."⁸⁶ In 1990, the General, Municipal, and Boilermakers (GMB) union directed its locals to use the Social Charter as a checklist in collective bargaining, a practice that other unions were expected to follow. In its first coup, GMB announced an agreement with Keiper Recaro (a subsidiary of a German firm) that includes, based on the charter, both worker representation on the company board and the establishment of a works council.⁸⁷

The United Kingdom remains, however, one of the least developed EC member states insofar as WPM is concerned. The government under John Major remains the primary opponent in EC government circles of expanded WPM rights, while British employers have banded together with other European employers to oppose mandatory measures.

Italy

Like the British, and unlike the French, Italian unions have become converts to the WPM cause. Also like the British, Italian unions are seeking remedies to reverse a decline that began in 1980, and they are starting from a minimal base regarding rights to information, consultation, and participation.

Italy has no legal provisions for worker participation on company boards. The only major exceptions are agreements signed in the mid-1980s to establish labor-management advisory bodies at the state-owned industrial groups (IRI, ENI, EFIM). Established at the national, regional, sectoral, and firm levels, these bodies receive information and discuss business strategies, organization of work, and industrial relations.⁸⁸

Works councils exist at the plant level, but they have only rudimentary statutory definition aside from their right to exist, provided in the 1970 Workers' Statute. They are essentially union groups, composed primarily of delegates who are members of the three main union confederations

86. *European Industrial Relations Review*, vol. 185 (June 1989), p. 25.

87. *Industrial Relations Europe* (June 1990), p. 7; "First Social Charter Agreement," *European Industrial Relations Review*, vol. 198 (July 1990), p. 10.

88. European Trade Union Institute (1990b, p. 71).

(CGIL, CISL, and UIL). The primary function of these groups is to engage management at the local level in collective bargaining. Although national sectoral agreements give them rights to information on investment plans, new technologies, and employment matters, the works councils do not conceive of themselves as instruments for consultation or participation in management decisionmaking.⁸⁹

By most accounts, the works councils have declined considerably in influence from their heyday in the 1970s (the upsurge following the hot autumn of 1969). Part of their problem, and arguably a major cause for union decline in Italy, has been the fragmentation of Italian labor into three rival confederations.⁹⁰ Since the breakup of Italian labor's confederation of confederations in 1984, the three groups have often been at odds at national and local levels. Union membership density dropped from 48 percent in 1980 to 40 percent in 1986.⁹¹ The works councils have all too often lacked common strategies both toward management and toward the employees they represent.⁹² Meanwhile, as in Britain, managers have pursued new employer-led forms of WPM, such as quality circles, that circumvent the unions and the works councils to involve workers directly.

In an effort to regain influence and to breathe new life into the works councils, Italian unions seek expanded information and consultation rights, from the national and sectoral levels to the plant level. In bargaining with *Confindustria* (the national employers' association) the unions have demanded new consultation rights regarding work reorganization and a reformed works council structure.⁹³ Among union proposals to reform plant-level representation is one that calls for a dual structure composed of union works committees with exclusive bargaining rights and works councils elected by the entire work force with enhanced participation rights.⁹⁴

Union division and employer opposition remain the major barriers to expanded WPM rights at home, even as Italian unions add their voice to the demand for European-level rights. Italian employers, for their part, ally themselves with the general European employer opposition to mandatory measures, while expanding employer-led involvement programs

89. European Trade Union Institute (1990b, pp. 69-70).

90. Pellegrini (1987).

91. Negrelli and Santi (1990, p. 190).

92. Negrelli and Santi (1990).

93. "IR Talks Yield First Fruit," *Industrial Relations Europe*, vol. 17 (June 1989), p. 3.

94. *European Industrial Relations Review*, vol. 202 (November 1990), p. 21.

Table 3-1. *Negotiated WPM in EC Member States, as of 1990*

<i>Country</i>	<i>Works councils</i>	<i>Board ra<</i>
Belgium	Yes	No
Denmark	Yes ²	Yes
France	Yes	No
Germany	Yes'	Yes
Great Britain	No	No
Greece	Yes	No
Ireland	No	No
Italy	Yes	No
Luxembourg	Yes ^a	No
Netherlands	Yes ^a	No
Portugal	Yes	No
Spain	Yes	No

Sources: European Trade Union Institute (1990a, various pages); *European Industrial Relations Review*; *Industrial Relations Europe*.

a. Some codetermination.

at many of their own plants. Meanwhile, the Italian government, like the German government, has taken a middle position but in the runup to Maastricht added its voice to those successfully demanding a shift to qualified majority voting for all social issues, including WPM.

Negotiated WPM in the EC Member States: A Summary

Negotiated WPM is summarized in Table 3-1 for all EC member states. Countries that have only limited works councils or board memberships in certain sectors (such as the public sector) are not counted in this tabulation, which considers broad societywide provisions. Typically, these provisions are mandated by law, although in the Danish case works councils are established by centralized collective bargaining agreement.

In only two of the twelve cases do EC countries have societywide company board representation for employees. In both cases, Denmark and Germany, works councils are generally considered a more significant avenue for WPM than is board representation. Ten of the twelve countries, however, have works councils throughout the economy. In four the councils have some codetermination rights (Denmark, Germany, Luxembourg, and the Netherlands); in the remaining countries the councils have information and consultation rights only, and in Italy they are primarily instruments of collective bargaining rather than WPM. Works councils in Belgium, Denmark, France, Germany, and the Netherlands date to the immediate postwar period or earlier; in Greece, Luxembourg, Portugal, and Spain works councils have been established only since the

1970s. (Greece's are the youngest; its works councils were established by law in 1988.)

A picture of widely contrasting national arrangements for negotiated WPM emerges from the preceding presentation. On the whole, company board participation plays a minor role. Works councils, by contrast, are widespread and appear to be increasing in importance, although they vary substantially among the EC member states in form, influence, and rights. Union members are typically active on the works councils, while the level of union influence on and strategy toward works councils varies widely from country to country. Union interest in negotiated WPM by way of works councils appears widespread.

The evidence shows the importance of the WPM issue. We find substantial national bases for negotiated WPM. This is true especially in Germany, with the strongest economy among the EC members, but it holds in other countries to varying degrees as well. Proponents of WPM, however, can expect to face great difficulties in building new institutions of Community-wide WPM when such broad institutional diversity exists among member states and when negotiated WPM plays only a weak role in many (as in Britain, Ireland, Italy, and France). Contemporary advocates of the expansion of information, consultation, and participation rights—primarily unions and their allies—have a great deal of work to do at *both* national and European levels.

Impacts and Prospects

Because only two of the twelve EC countries have employee representation on company boards, it is difficult to imagine a successful coalition that could institute such a requirement at the European level for European firms. The prospects for European-level works councils seem brighter, however, since all but two of the member states have these in one form or another already. And in both of the exceptions (Britain and Ireland), national union federations have moved away from traditional positions to show new support for negotiated WPM. German unions, with both strong works councils and a strong labor movement (and this is no coincidence), can be expected to continue to lead a pan-European campaign for the expansion of negotiated WPM, primarily in the form of mandated works councils with information and consultation rights (at least) for large firms doing business in the EC.

Industrial relations practices, including mechanisms of participation,

are products of national histories. As such, they represent past economic developments and political struggles embodied in present institutions; they tend to be entrenched and quite resistant to change. It is unlikely that current market integration developments will have a radical short-term effect on WPM within the EC. In the longer run, however, the European project may indeed result in or be accompanied by substantial institutional change both within the member states and at the Community level.

New and growing interest in "WPM on all sides is rooted most importantly in market-driven pressures that have challenged previously stable patterns of industrial relations."⁹⁵ To the extent that WPM is a loose concept and means different things to different people, it sometimes becomes politically possible.⁹⁶ Such a dynamic is apparent in the current European case; but the actual shape and content of WPM as it spreads to new areas remain to be determined.

In any case, expanded WPM is on its way in Europe, just as it is in the United States and elsewhere. Managers are inspired by the Japanese example; unionists in many cases by the German example. But the critical question that unions are raising in the current European debate is: will it be employer led or will it be negotiated? Will it depend on employer intention, goodwill, and perhaps enlightenment, or will workers throughout the EC have rights to information, consultation, and participation as they now do in some member states?

A major 1970s research project on industrial democracy in Europe concluded that participation at all levels—shop floor, management, company board—is more effective where backed by legislation.⁹⁷ This study also concluded that legislation is more likely to exist where both labor and management have strong central federations. But such institutions do not now exist, and will not come into being in the foreseeable future at the EC level or within several of the member states. Thus, in a single market project that has been significantly business led and deregulatory in intent, employers retain the political advantage and the debate on social issues has reached a stalemate. European-level stalemate leads us to expect the following prospects for WPM: a continuing expansion of employer-led involvement programs on a firm-by-firm basis with no corresponding expansion of workers' and their representatives' formal rights; continued national efforts to expand WPM rights and institutions (as in

95. Piore and Sabel (1984); Boyer (1988).

96. Strauss (1982, pp. 182-83).

97. IDE (1981); Strauss (1982, pp. 221-22).

Ireland, Italy, and Britain) driven by unions' growing interest in promoting WPM rights and taking advantage of existing mechanisms, even informal ones; a growing interest among unions in cross-national collaboration; and a continued impasse for efforts to create a European firm and a European industrial relations arena.

On the whole, although WPM has become a major issue and campaign for European unions, so far the outcome has not been favorable to the spread of the formal rights that unions advocate. This lack of success is due to the great diversity of form and substance in WPM among the member states; the difficulty of institution building, especially as concerns new regulation, within the current employer- and government-led European deregulatory project; and unions' relative political weakness. This last aspect is itself a result of great cross-national differences in union structure, influence, and strategy; declining union influence in many member states since 1980; and German unions' preoccupation with German unification since 1990.

One prospect remains, however, that might shift the battle for negotiated WPM in a more favorable direction for its union proponents. Many unionists, disappointed by the European-level deadlock, have shifted their sights toward incremental change. This would include the expansion of WPM rights within the member states as well as the spread of information and consultation procedures initiated at the European level in specific areas such as health and safety.⁹⁸ Such incremental change could later provide a stronger institutional basis for more generalized WPM rights in the EC." A shift to qualified majority voting on social issues, now foreseen in the Maastricht Treaty social protocol, would certainly enhance these prospects, as would a possible expansion of the legal powers of the European Parliament.

The long-term outcome of these developments for WPM (as for other social issues) in the EC is contingent on politics and the capacity for institutional transformation within and across the member states. The prospects for unions and negotiated WPM do not at present look promising. But politics is nothing if not uncertain.

98. This perspective counters the commonly accepted notion that European economic integration will devalue national institutions (Streeck 1991). In currently evolving structures, the subsidiarity principle relegates considerable (and in some cases new) implementation and enforcement precisely to national institutions. The EC regulates relations between national governments but does not replace them.

99. See Wallace (1990) on the potentially transformative effects of accumulated incremental change.

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