

THE INFLUENCE OF EUROPEAN ECONOMIC COMMUNITY
TRADE UNIONS ON ECONOMIC POLICY

Thesis submitted to Lakehead University, Thunder Bay,

Ontario, Canada for the degree of Master of Arts

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INTRODUCTION

The practice of workers' participation in the decision-making process of management, as well as trade union participation in advisory bodies which influence various aspects of government socio-economic policies, has long been established in Western Europe. With the development of tripartite bodies in the European Economic Community (E.E.C.) the influence of trade union organisations in the formulation of the Commission's social and economic policies has increased as a whole in the last two decades, despite the fact that the influence of trade unions in the Federal Republic of Germany and the United Kingdom has decreased in the last few years. This happened because of the deteriorating relations between the trade unions and the conservative governments of those two countries, and especially of the latter

Among the various factors which contribute to the establishment and development of any form of workers' participation in management and the trade unions participation in tripartite advisory bodies, the attitude of all the parties concerned is of vital importance. It is thought essential, therefore, to compare the situation in North America and Western Europe concerning labour-management relations, in order to understand the

reasons for the easier acceptance of trade unions as social partners of management in the E.E.C. countries.

The first part of this study explains how trade unions were formed in the E.E.C. countries, the legislative measures taken by their individual governments in order to protect and promote the institution of workers' participation in management, and the more recent steps taken by some E.E.C. Member States towards workers' equality in the socio-economic decision-making or co-decision.

The second part attempts to identify the differences that exist in the philosophy and attitudes of the parties concerned in North America and Western Europe, and especially the related progressive legislation and non-statutory arrangements that have developed among the E.E.C. Member States.

The third part analyses the experiences of selected group of Member States as well as the E.E.C. as a whole. The analysis supports the thesis that workers' participation in management and trade union participation in tripartite advisory bodies do in fact, not only reduce conflict and increase productivity, but they also influence considerably socio-economic policies and improved standards of work and living.

A variety of research methods were employed to gather the material for this study, and I am grateful to many people who have assisted me, including a number of officials of the E.E.C. in Brussels, and of the German, Irish, British and Dutch Governments.

Special thanks are due to Professor Chris Jecchinis of the Department of Economics, Lakehead University, whose advice, suggestions, kindness and patience have been a constant source of help and encouragement.

PART 1

Historical Background

The European Economic Community (E.E.C) as we know it today, was founded in 1957 by the six original member countries: West Germany (F.R.G.), France, Italy, the Netherlands, Luxembourg and Belgium.

Long before 1957, in some countries as early as the twenties, European trade unions had been striving for recognition and acceptance, by employers and government alike, as social partners in concerted efforts to improve social and economic conditions. Traditional acceptance of trade unions in Western Europe was strengthened in the post World War II period, because governments and employer organizations recognized the need of securing the co-operation of trade unions in the effort to reconstruct their economies and individual industries from the ravages of war. This effort was directed towards improved productivity performance in order to meet more effectively international competition, especially from North America. On the other hand, the trade unions accepted their dual role as representative organizations of workers in the various sectors of the economy, and at the same time as participants in institutional arrangements which allowed them to influence decisions affecting social and economic policies at three different levels namely those of the plant or

industry, of the respective nations and later, once established, of the European Economic Community itself. The political power of Western European unions acquired through their association with political parties, especially with the socialist parties (which formed governments or coalitions in the post World War II period), has given more impetus to trade union participation in bipartite (ie. employee - employer) and tripartite (employee - employer - government) bodies of an advisory or co-decision nature.

The term 'worker participation' is confusing by itself and, in order to shed some light on the issue, it must be defined. Worker participation deals with the participation of workers in the management of the enterprise. It can be of a limited form, such as participation at the factory floor level, or of a more advanced form such as participation at the plant level or the corporate level. Therefore workers through their elected representatives or delegates can influence the decision-making process at the three levels of hierarchy. This influence can range from work methods and safety regulations to policy decisions such as pricing and marketing policies, setting goals and objectives for the company, etc.

A table compiled by H. Jain presents an analytical division of the three levels of hierarchy (ie. shop-floor level, plant level, corporate level) and the nature of the decisions taken at each level:

Participation and Organizational Decision Making

| <u>Organizational Hierarchy</u> | <u>Nature of Decisions Undertaken</u> | <u>Participative Processes</u> |
|--|--|---|
| Corporate level (long-range) | Strategic policy decisions Setting goals and objectives; choice of products and geographic locations; pricing and marketing policies; major capital expenditures; diversification; mergers, acquisitions, raising of capital; disposition of profits. | Indirect Employee-directors on corporate boards |
| Plant and department level (short term) | Administrative decisions Organising and controlling of resources at plant level with the objective of accomplishing goals set at corporate level; capital expenditures within budgets; plantwide work arrangements; production layouts; product lines, hiring, firing, and promotion of employees. At department level, cost and quality control; resource allocations; achievement of targets and quotas; planning and coordination of activities. | Indirect Works' councils joint labour-management, consultative committees at department and plant level |
| Shop floor (day-to-day) | Operating decisions Scheduling of work; Safety regulations; work methods; work place layout; quantity of output; quality control; training of new employees; and so forth. | Direct Job enrichment, job rotation job enlargement job redesign or restructuring of work semi-autonomous work groups, and so forth. |

Participants in management and supervisory boards include worker representatives who are elected by the workers at the top level of management, namely to the board of directors, and whose function is to participate in policy-making, as well as in the administration of the enterprise. This type of workers' participation will be explained in detail in a following chapter, as the influence exerted by the worker representatives is rather interesting.

Joint-consultation is another type of employee-employer relationship, and the elected employee delegates represent the workers in various labour-management committees. The function of these committees or councils is to enable both interested parties to exchange ideas concerning production, safety, welfare of the workers, etc. and to allow employees to influence managerial decisions.

A third type of workers' participation in management collective bargaining, a process which affects wages, working conditions, safety regulations, etc. Collective bargaining can be reached usually after a long process of negotiations between the two interested parties regarding the above issues.

Finally, a fourth type of participation with day-to-day issues concerning both sides, is participation at the shop floor level. Workers and management representatives discuss such issues as working conditions, production problems, new job designs, methods of work, etc. and make suggestions for

improvements or changes.

The simplest definition of worker participation is the participation of workers through their representatives in the decision-making process of the enterprise. In most West European countries, the governments play a very important role in labour-management relations aiming to reduce conflict, increase productivity, promote co-operation between the two parties, and consequently promote industrial democracy. The West German model of co-determination is a very good example of a three party participation and will be discussed later in detail.

As mentioned earlier, the close political ties between labour unions and certain governing parties in Western Europe influence government policies and the resulting pro-labour legislation. Direct government intervention in most Western European countries has steadily increased since the middle fifties and, as a result, new guidelines for wage and price controls, minimum wages, hours of work, health and safety regulations have been set

Thus, trade unions have acquired the right participate as equal partners with management micro-economic decisions, as well as partners with management and government in macro-economic decisions at the national level, and even at the European Economic Community level.

The Development of workers' participation in The European
Economic Community

Although industrial democracy is nothing new in Western Europe and the first steps towards that goal were taken immediately after the last war, the most spectacular changes took place in the late sixties and early seventies. Traditional values and the status quo were being increasingly questioned and challenged, and the belief that an educated and satisfied workforce is more productive had already matured.

Workers' participation originated in the early twenties and was the result of a long search for social justice and better working conditions, more humane methods and policies, etc. The 1920 Works' Council Act of the Weimar Republic of Germany, was the first significant step forward, which resulted in workers' representation on the supervisory boards of enterprises.² Similarly, but much later (1945), in France, the need for a spirit of co-operation between the parties concerned is present in the Ordinance of February 1945 which declares that the committees in the enterprises "must be, above all, the sign of the fruitful union of all elements of production, to return to France its prosperity and greatness".³

The main interest of most countries was the resurrection and reorganization of their industries from the destruction

of the war. However, the most startling changes took place in the early seventies. In Belgium, the 1973 Decree recognized the rights of works' councils to information concerning industrial policy. In West Germany, works' councils largely benefited from the 1972 Act. Denmark and Italy both saw rapid progress concerning employee participation in 1970. In Austria and France, the powers of the works' councils were strengthened in 1973, as they were in the Netherlands in 1971, Luxembourg in 1974, Norway in 1966 and again in 1969, Sweden in 1976, the United Kingdom in 1974 and so on.

The European Economic Community, following the major changes in industrial democracy which took place in the individual member-states, issued the European Company Statute in 1970 and later the Fifth Directive in 1972, both of them designed to promote employee participation in European companies, and the promotion of industrial democracy. Ireland, the United Kingdom and Denmark joined the E.E.C. later that year and a new revised proposed Directive was issued in 1975 which advocated and encouraged such institutional arrangements as employee participation in the decision-making at the plant level, and board level, of the works' council type.

France

Although French trade unions refused consistently to coincide their interests with those of the employers,

industrial disputes since 1968 have been very few. The two major union confederations the CGT and the CFDT represent almost a quarter of the work force in France, which is a low figure compared to the other Western European countries.

Under French legislation, representation of the workers in individual enterprises has existed since 1936. Works' councils were established in 1945, and the strikes of 1968 brought about an improvement in union representation, as well as a stronger union voice.

Union representatives are elected annually in all enterprises which employ more than ten employees. Enterprises employing more than 50 workers must set up a works' council which includes delegates elected by the workers.

Participation through the collective bargaining process is a rather complicated mechanism because of certain peculiarities in the French system. Most employers are members of an employer's organisation, the CNPF which represents more than a million firms employing almost three-quarters of the total labour force. Collective bargaining, between the national employers' organisation and the five national union confederations, is a widespread instrument which reduces industrial conflict, although state intervention is a rather traditional phenomenon. Both sides are often involved in tripartite talks which usually include various government departments. Because of the strength of

both employers and unions, there are always pressures for legislation or pressures on the government. From 1950 to 1968 collective bargaining (either at national or regional level), was the most widely used tool.⁴ After 1968 however, multi-industrial bargaining involving cluster of individual enterprises, seems to be the norm. This type of bargaining which takes place at the national level, includes issues such as: vocational training, unemployment pay, redundancy, etc.

Collective bargaining also takes place at the plant level, involving only an individual firm and the union representing the employees of the establishment, but usually the unions are rather weak in all but a few large enterprises. Therefore, the French system incorporates bipartite and tripartite bargaining at the firm level and the national level respectively.

The Sudreau Report of 1975 recommends more open negotiations between the parties concerned, and advocates that unions should be given stronger powers to negotiate.

The Ordinance of February 1945 introduced a new concept of consultation, that of the enterprise committee (comité d'entreprise). The enterprise committee is a purely consultative body regulating individual workers' production committees.

Under the law of 1966, these enterprise committees are

mandatory in all establishments employing more than 50 persons. In the case of multi-plant firms, a central committee exists to supervise and regulate the powers of individual plant committees. These councils, which are chaired by the employer, (all other members are employee representatives), must be informed about the running of the firm, conditions which affect employment, financial information, future plans, sales, investments, etc. A law passed in January 1975 provides for the consultation of employee delegates on matters related to redundancies and dismissals for economic reasons. Other issues concerning personnel matters such as working hours, holidays, job security, work methods, health and safety, etc. must also be discussed in committee meetings. Since December 1968 a new law, which was passed after the labour uprising of 1968, provides for union representation in firms employing more than 50 persons, by means of union delegates within the individual firms. This union branch (section syndicale) consists of union representatives which defend the interests of the workers in the establishment.

Employee participation on the boards of directors of private and public enterprises is different in France. Representation in the private sector is rather weak and only a small minority of companies include such a scheme. The case of the public sector however, is somewhat different. Here, public companies (Sociétés Anonymes) which employ more than 50 persons allow two delegates from the works' councils to participate in the boards of directors or the supervisory

boards, but their function is purely consultative. Supervisory boards in the public sector are of tripartite nature involving the government, the employees and the managers of the enterprise. Employee participation differs from one enterprise to another, according to the nature of the firm. Thus, in mining, the railways and other industries, employee participants are appointed by the strongest unions. In the national airline, Air France, they are appointed by all employees, whereas at Renault (the national car manufacturer) they are appointed by the firm's committee.⁸ In all cases mentioned above, employee participants have the same voting rights as the other members of the board.

France has a profit-sharing system which was optional up to 1967. After that time, it became obligatory for all companies employing 100 people or more. A new amendment, passed in 1973, made profit-sharing obligatory for all companies employing more than 50 employees.

Under this scheme, firms are required to deposit a certain amount of the company profit in a special fund. Shares in the fund are distributed to the employees of the establishment according to seniority, salary, etc. after a minimum period of five years. This fund is tax-free, and the company is allowed to make tax-free investments of equal magnitude to the amount deposited in the fund.

Union representation in individual firms has risen

dramatically from 46% in 1975 to 96% in companies employing 1000 persons.* The Sudreau Report which was introduced in 1975, advocates the extension of collective bargaining and the strengthening of the role of the enterprise committee. Other reforms advocated by the report, include co-supervision on all firms employing more than 2000 employees. Co-supervision intends to give workers through their delegates, full voting rights on the board of directors or the supervisory board, as well as more information on the financial and operating scheme of the enterprise. Employee participation calls for one-third of the total number of seats within the supervisory board, so that the managerial decision-making process will not be altered.7

The Netherlands

This country is characterized by its good industrial relations, and the commitment to co-operation between the government and industry.

In January 1976, the Netherlands Confederation Trade Union Movement (FNV) was formed, which consisted of three major confederations: the Social Democratic (NVV), the Catholic (NKV), the Protestant (CNV) and a few smaller ones representing both white and blue-collar workers.

Employers are also organized under a confederation, The Federation of Netherlands Industry (VNO), although there are

other confederations as well, such as the Netherlands Christian Employers Federation (NCW) etc.

Under Dutch law collective bargaining is mandatory at both national and company level. In 1945 the Foundation of Labour was formed, a bipartite body, whose function is to bring representatives of employees and employers together to discuss current affairs at the national level.

The works' council in the Netherlands was founded in 1950 by a law which was amended in 1971 extending its functions. Under Dutch law, any establishment employing 100 workers or more, must have a works' council. There are works' councils at the plant level, the company level, as well as the national level, where union delegates represent the rights of the employees. Small firms employing from 25 to 50 employees must have at least three employee representatives in their works' council whereas larger ones (up to 12,000 employees), include up to 25 worker representatives in their works' councils.

The works' councils have certain rights such as the right to information on the running of the firm, consultation on transfer of ownership or closure, training, recruitment, etc. They also participate in meetings which deal with hours of work, holidays, pensions, safety and health, profit sharing, etc.

Dutch trade unions feel that the functions and the power

of the works' councils should be extended in other areas as well, especially the power of co-determination. A re-examination of the institution of the works' councils is currently under way.

Finally, a bill which was passed in 1976 proposes that the works' councils should be composed of employee representatives only, as in the Federal Republic of Germany, and should consult with management on a regular basis

Under the 1971 act, worker representation at the board level is provided, especially in firms employing more than 100 persons (excluding overseas operations) and showing capital reserves of at least 10 million guilders. The same act provides a clause which deals with the functions of both sides at the supervisory board, and is so designed as to ensure a balance between employees and employers on the board. Thus, the works' council or the general meeting can oppose the appointment of a member they feel unsuitable, and the matter can be carried further to the Social-Economic Council (SER) which has the power to rule whether the objection is valid or not. The role of the SER will be explained later in another chapter devoted to the Netherlands.

The public sector is similar to the private sector in the sense that works' councils and supervisory boards also exist, and employee participation is encouraged by the government.

Profit-sharing is also a function of Dutch industry, and the bill of 1976 proposes a fund which consists of 10-12% of the company profits, which will pay retirement pensions to company employees. Under this bill union representatives should administer the fund and also distribute to the employees part of the fund in the form of shares and capital growth certificates.

As was mentioned earlier, future prospects for employee participation are rather promising. The Dutch Government intends to extend the power of the works' councils, and remove management representatives from the council. In order to preserve the contact and consultation procedures between the managers and the managed, it is proposed that additional joint consultative meetings be held on a regular basis, at least every two months. It is also recommended that works' councils should be given advisory powers (according to the E.E.C. proposed directive) on the rights of workers in cases of takeovers, mergers, or investment decisions which affect the employees of the establishment.

Denmark

Denmark has a centralized collective bargaining system which dates back to 1899. The two parties involved, the Danish Employers' Confederation (DA) and the Danish Federation of Trade Unions (LO) both exercise influence on their members and are responsible for negotiations at the national level.

The issues negotiated between the two parties include welfare and safety, minimum rates of pay, insurance benefits, holidays, etc. Agreements reached by the two sides are legally binding for two years, and in the event of conflict the Minister of Labour appoints mediators who examine the issues at hand and have the authority to suspend any strikes until an agreement is reached.

It is interesting to note that 70% of the working population belong to trade unions, because the non-unionized receive less social security from the State in the case of unemployment. Unions which are quite strong in Denmark can offer higher social security for their members and better fringe benefits. Towards the end of 1970, the Employers' Federation and the Federation of Trade Unions reached an agreement which provides for the organization of co-operative committees in firms employing 50 persons or more. These committees, which are established if the employer or employees request them, are composed by an equal number of representatives from both sides including the supervisory staff. The members of the committee serve for two years with the possibility of re-election.

The role of these co-operative committees is to ensure and preserve the rights of both sides, such as the right to information, the right of co-determination and co-influence and all matters pertinent to satisfactory working conditions. Items such as information relating to the financial situation of the firm and the future prospects,

must be available for the committee as they are available for the shareholders. The management must put forward general suggestions about the company policy, which is discussed, and the employee representatives must be consulted on any changes. The committee has also co-determination rights on the policy affecting employees in the establishment, and other matters concerning employment, safety and personnel.

Employee participation at the board level is ensured by two acts which were introduced in 1973. All enterprises employing 50 persons or more must have a supervisory board of directors, with at least two employee representatives participating. A company can appoint more than two worker representatives if it chooses to do so, but the majority of members must be elected by the shareholders' general meeting. The chairman of the board may not be a manager of the company. Employee representatives, who are elected for two years in office from company employees who are at least one year with the company, have the same rights as any other board member.

Profit-sharing schemes have also been present in Denmark on a voluntary basis since 1957. In 1973 the Social Democratic Government proposed a Bill for compulsory profit-sharing funds for employees, but the Employers Federation reacted with vigour against it, and the resignation of the government in December of 1973 put an end to the proposal. Since 1973 there has been no move for a

new bill concerning compulsory profit-sharing but expected in the near future.

The acts of 1973 which gave more power to the trade unions appear unlikely to be changed for the time being. Worker representatives on the board of directors now enjoy more rights and access to more information on the running of their company, as well as a stronger voice on the decision-making process at their work place.

Luxembourg

Collective bargaining in Luxembourg is the predominant tool to settle industrial disputes.

law, introduced in June 1965, made collective bargaining obligatory for employers who have to deal with several unions individually, or in organized groups such as the Federation of Employers (Fédération d'Employeurs). Collective agreements are binding for both parties concerned, with a duration ranging from six months to three years. Evidence suggests that Luxembourg has enjoyed industrial peace for 25 years.▪

Representation and consultative procedures are made possible by means of two institutional arrangements: the joint committees, and workers' delegations.

The former arrangement was introduced in 1974 by law,

and its nature is primarily consultative with some powers of supervision and policy-making. Joint committees consist of equal numbers of representatives from both sides and are obligatory for all firms employing 150 persons or more.

The chairman of the committee - the chief executive must inform the committee every six months on such matters as the financial situation of the enterprise, level of employment, investment and production levels, etc. Moreover, the committee must be consulted on issues such as changes in work methods and rules, manpower and training schemes, shop rules, and any changes which affect production.

The decision-making powers of the joint committee include health and safety requirements, measures concerning the behaviour of workers in the establishment, promotion transfers and, finally, dismissal of employees. They can also supervise the administration of the firm's welfare facilities. In the case where a stalemate is reached by both sides, the case can be taken to the National Conciliation Office.

The second method of institutionalized information and consultation procedures consists of workers' delegations (délégués du personnel) whose functions are to ensure and defend the rights and interests of the employees in social matters.

After World War I, workers' delegations were established by a law which was amended in 1962.

All private enterprises are obliged to allow the formation of such a body, and in the case of public firms, personnel delegates are elected by the employees of any establishment employing 15 workers or more. Finally, workers' delegations function in the same way as the joint committees.

Employee participation at the board level of public companies was introduced in 1974. The law of 1974 provides for such an arrangement for all public companies with 1000 employees or, companies where the state holds at least 25% of the capital or, those which hold a state concession for their principal activities.

in the first case, employee representatives hold one-third of the seats on the board of directors; in the second and third cases, workers hold up to one-third of the seats on the board with a minimum of three seats.

Although unions are in favour of equal representation at the board level, it seems likely that the one-third representation will remain for the foreseeable future. The benefits incurred by this representation have largely contributed to industrial peace which this country has enjoyed for so long. On the other hand, employers argue that industrial relations were excellent even before the

1974 law and that little has changed since its implementation.

Belgium

Since World War II the Belgian industrial relations system has been characterized by good relations between the employers and employees. Its high level of organisation has contributed to this, resulting in a close collaboration between the two sides concerned. However, many fear that this collaboration will not last and predict that, throughout the 1980's industrial relations will decline.

Collective bargaining is a dominant tool in the Belgian industrial system, with negotiations taking place at the plant level, industry level, and national level. The Employers' Federation (FEFB) and the three main unions, the Christian Democratic (CSC), the Socialist (FGTB) and the Liberal (CGSLB), are the protagonists of all collective bargaining schemes. Although collective bargaining at the industry level seems to be the most dominant, negotiations at the national level have taken place more frequently since the early seventies.

Some of the issues negotiated at the national level include pensions, holidays, works' councils, etc. The National Council of Labour (CNT) is also active here, representing employers and employees in equal numbers, and being responsible for agreements such as minimum pay for

disabled workers.

At the industry level, employees are active in negotiations concerning works' councils, safety and health etc. through various committees.

The works' council, founded in 1948, is a joint body chaired by the head of the enterprise and consists of delegates from the management and union. Works' councils exist in both the private and public sectors such as in hospitals, educational institutions, etc. In the private sector, all enterprises employing 150 persons are obliged by law to incorporate a works' council within their establishment, where the employer representatives cannot outnumber worker representatives. All information concerning the economic and financial situation of the firm must be supplied to the council which must be consulted for any changes affecting conditions of employment, hiring and firing procedures, the structure of productions, etc.

For smaller firms employing 50 persons or more, various committees such as health and safety committees, working environment committees etc. act as works' councils.

Union representation is also obligatory for all firms employing 20 workers or more who have a say on matters affecting changes in pay rates and conditions of employment. The concept of union delegation within the firm was established in 1947 and union representatives deal with

negotiations at the plant level, their roles being somewhat similar to those of the shop steward.

Workers' participation at a higher level, namely at the board of directors, has not yet been achieved in Belgium. With the exception of some public enterprises where there is a form of participation, the private sector remains without workers' representatives on the boards of the enterprises. The Belgian Railroads, the national airline Sabena, and the Brussels Public Transport Company have allowed a small number of employee representatives onto their board of directors. In particular, the railroads include three worker representatives among the 21 members of their Board of Directors.®

Although the unions are pressing the government to give them a more decisive role in the private industries, particularly in large industries, there is no provision yet for such a thing. The Belgian trade unions support the proposals for participation as submitted by the E.E.C. Company Statute, although the Socialist Union (FGTB) is somewhat more militant in its demands for workers' control taking power out of management and placing it in the hands of the workers. They disagree with the other unions that co-determination is the best solution, because they feel it does not really give workers any real powers.1®

Finally, the Belgian General Federation of Labour is presently considering an increase in the powers of worker

representatives within the works' councils, giving them more consultative as well as supervisory functions.

Italy

The industrial relations system in Italy is not yet stable partly because of rapid industrialization after World War II, and partly due to the political and ideological differences between the six main organisations.

The three main unions are the Communist dominated organisation (CGIL) with four million members, the Christian organisation (CISL) with 2.5 million members and the Socialist Republican (UIL) with 750,000 members. There are also two non-political organisations and a neo-fascist trade union, which is boycotted by the other union organisations.

On the employers side there are four main employers' confederations, the Industrial Employers Federation (private industry), the Public and Semi-public Employers' Federation, the Agricultural Employers' Federation, and finally the Commerical Employers' Organisation.

Both sides participate in collective bargaining at national, industry, and plant level. Each of the major union and employers' confederations are responsible for negotiations at the national level, while negotiations at the industry level are more common including issues such as basic rate of pay and conditions of employment. Plant level

agreements became more important in the early sixties, at first covering only productivity bonus issues, but lately having expanded gradually to cover wider scopes.

Union representatives, forming factory councils, have managed to exercise their power to negotiate collective agreements and to resolve differences at plant level, over such wide issues as internal transfers and promotions, organisation of work, vocational training, pay levels, etc. In some large industries where participation and intervention is of a higher degree, plant level agreements cover principles which are generally included in national agreements.

Since 1969, national agreements have included work allocation, welfare, levels of employment, etc. the unions having a strong voice on the issues being negotiated. With the increase in union power, the government has frequently been involved in discussions on economic policy and the influence exerted by the unions on the government has tended to direct guidelines concerning public policy.

Information and consultation procedures involve three main bodies, namely the internal committees, the union bodies and the works' councils.

The internal committees, which lost some of their importance after 1966, are peculiar to the Italian social system and are mainly to implement national agreements

within the enterprise, as well as to ensure the enforcement of health and safety laws, working hours, holidays, shifts and handling grievances. The elected member of the internal committees represent the workers of the enterprise in order to maintain and promote co-operation between management and the managed.

Unions were established with the statute on workers' rights and, according to this statute, all employers are obliged to recognize and allow the organisation of unions within their plants as well as to negotiate with their elected representatives.

Union representatives, with the co-operation of non-union elected representatives, participate in factory councils which function in the same way as works' councils. This form of participation came about in 1969 after the union struggles of 1968-69.

The delegates are all elected by an homogeneous group of workers based on production or occupational categories, and all employees of that particular group have the right to vote for their representatives whether or not they are union members. The elected delegates then act as a works' council authorized to conduct negotiations with the management of the establishment. The issues negotiated by the works' council are personnel policy, training, transfers, promotions, wage claims, and organisation of production. Although employers did not favour the organisation of

factory councils, these councils became the backbone of the industrial relations system in the Italian economy. In particular, factory councils of large enterprises have a wider scope of functions, becoming involved in the implementation of national agreements. For the time being, there are no provisions for worker participation on the board of directors in the private sector, nor in the public sector with the exception of a few isolated public companies such as the National Board for Electrical Emergency which allows some workers to sit on the supervisory board.

Unions have been pressing since the mid-seventies for more participation and a stronger say on economic policy, especially on investment and production policies which affect their members. There has been a move towards that direction, and, if union demands are met, factory committees and industrial unions will influence public policy a great deal more than at the present time.

United Kingdom

Employee participation at board level is very rare in the United Kingdom contrary to most countries of Continental Europe, and collective bargaining is the main tool for union influence over the decision-making process.

The Trade Union Congress (TUC) which consists of the various industrial, occupational and craft unions in the United Kingdom, represents more than 500 of such unions and

thus the vast majority of the unionised work force. About 50% of the work force belong to unions and through the TUC they can participate in the collective bargaining process. The conditions of all bargaining procedures are not binding on the member unions of the TUC and its role is more of an advisory one. Although collective bargaining takes place at the industry, company, or plant level, lately there has been a trend for collective bargaining at the enterprise or even the plant level covering a broad scope of issues such as training, productivity, welfare, safety, etc. Issues such as investment policy, mergers, closures, etc. are not usually covered in collective bargaining agreements.

Collective bargaining gradually became more important since the early fifties, especially between the managers and the workers in the manufacturing sector. The peculiarity of the British system is that the shop steward is the union official most involved in industrial relations and particularly collective bargaining, and in some cases shop stewards play the role of the works' council

The government has recognized the role of collective bargaining and through the Employment Protection Act of 1975 it has given unions the right to appeal to the Conciliation and Arbitration Service in the case where the employer does not recognize the union. Moreover, employers are obliged under the same Act to give all pertinent information to the unions which can be used to make collective bargaining effective. Finally, the Act of 1975 recognizes tripartite

co-operation and the involvement of employees negotiations between an enterprise and the government for contracts.¹²

European-type works' councils do not exist in the United Kingdom, although there is a system of joint consultation which is closely linked to the collective bargaining procedure. Such joint consultation committees include an equal number of employee representatives and employer nominated representatives. The function of such committees is to be consulted on matters regarding productivity, personnel, safety and welfare, etc.

Employee participation on the board of directors is rather rare in the United Kingdom. However, there is some participation on the board of directors in nationalized industries such as the British Steel Corporation where the government appoints a small number of union representatives with a consultative role but little control over policy. The Bullock Commission which undertook a study on the question of employee participation in the public and private sector, made its findings known in 1977 and the government intends to announce its intentions on that matter in the near future. It is expected that employee participation will be introduced soon especially after recommendations made by the E.E.C.

The Confederation of British Industry (CBI) which is the employers' organisation in the United Kingdom, objects to

employee participation of the European type stressing that the British industrial relations system is different in their country but have instead other forms of employee participation more flexible and particular to the individual industries.

Republic of Ireland

Employee participation at board level is not the main way in which unions influence decision making. It is limited to the public sector only and collective bargaining is the most effective tool for union power over economic decision making in Ireland.

Although the Irish industrial relations system similar to the British system, collective bargaining plays a more important role in Ireland than in the United Kingdom. Collective bargaining can take place at either level namely the plant, local or national level, but since 1970 there has been a tendency for negotiations to take place at the national level. Especially negotiations which take place at the Employer-Labour Conference with the government participating, are of national importance with the government acting as the major national employer. Issues negotiated at the Conference usually include pay increases, productivity, terms of employment etc. Under the Union Acts of 1941 and 1971 only union bodies holding a Ministry of Labour licence are authorized to participate in tripartite negotiations. Collective bargaining also takes place as was

mentioned earlier, at the plant or enterprise level, where issues such as training, recruitment, redundancy, etc. are negotiated.

Works' councils are not widespread in industrial Ireland, although some of them function in the private sector and are the result of a combined agreement between management and unions of that particular enterprise. Estimates show that about one half of the firms employing more than 500 persons, and about a third of those employing between 100-500 persons have works' councils.¹² As in other European countries these bodies provide parity representation between the employees and the employers with a management representative chairing the works' council. Works' councils have a consultative and advisory function but cannot affect industrial or firm policy. Some exceptions can be found in firms where unions are strong and can influence collective bargaining effectively.

On the other hand, consultation on safety issues is legally required under the Factory Act of 1955, and safety committees exist for consultation, a move which is hailed by unions as a positive step forward.

A sub-committee of the employers-workers consultative body made recommendations in 1973 about the creation of works' councils in all firms employing more than 25 persons and it seems probable that such bodies will start to make their appearance shortly in all industrial establishments.

Worker representation at the board level, although not illegal in Ireland, is rather rare and found only in isolated establishments of the public sector, where individual union representatives participate in board meetings. The government intends to increase worker participation in a number of nationalized industries in the near future. These government proposals which were published in 1975, have as a goal a one-third representation by workers' representatives who will be elected by secret ballot. By encouraging employee participation in the public sector the government hopes that private enterprises will follow suit in order to improve industrial relations, and particularly to increase productivity. The Irish Congress of Trade Unions (ICTU) agrees to the proposals of the European Commission as contained within the European company statute concerning works' councils, but wants worker representatives elected through union machinery within the individual firms.

West Germany (Federal Republic of Germany)

The West German model of industrial relations is rather unique. The socio-economic reforms which started in this country earlier than other European countries gave to the working population both a 'saying' through co-determination and a 'having' through capital sharing.¹⁴ These two freedoms enjoyed by workers in private industry contributed to the economic miracle of West Germany, resulting in a better than normal industrial relations system which kept West Germany

sheltered during the recent recession.

Trade unions in West Germany date back to 1860 when the first industrial unions were formed. Soon it became evident that more freedom for the workers would result in better productivity performance and, most importantly, industrial democracy. During the Weimar Republic in 1918, works' councils were introduced at plant, regional and national levels. In 1920, these works' councils were established by law, and in 1945 worker participation in company supervisory boards came into existence. This worker participation in the running of a company, also known as co-determination, gave the workers a strong voice in matters affecting them as well as a strong influence on company policy.

Collective bargaining was introduced during the Weimar period and applies to all workers in a given sector on a regional basis. Rarely do collective agreements cover several regions or the whole Republic. It still is a widespread method for solving disputes in individual establishments as well as a means of negotiating wage increases and welfare.

Works' councils, which were established in 1920, reached their modern form through the Works' Constitution Act of 1952. The new Act of 1972 strengthened the industrial unions of West Germany and gave works' councils a greater influence on company policy, especially personnel policy. According to the 1972 Act all establishments employing more

than five employees must allow the formation of a works' council and where a firm owns several plants there is a provision for a central works' council co-ordinating the various works' councils operating in each plant. Four times a year every works' council consults with the employer to solve disputes and in the case of a dead-lock in the negotiations, the issue is taken to a labour court or an arbitration body whose decision is binding for both sides.

Works' councils have the right to co-determination, (see Table 2), consultation, and information. They have the right to participate in personnel matters and must be supplied with all necessary information by the employer. Moreover, all matters affecting hiring, firing, transfers of employees, etc., must be presented to the works' council for consultation.

On issues affecting co-determination, all managerial decisions must be brought up for works' council approval. If there is a disagreement between the two sides, then the issue goes to the arbitration committee for a decision. Co-determination affects many issues including personnel policies, economic issues, working hours, holidays, health and safety, promotion, dismissal, hiring, etc. Furthermore, mergers, acquisitions, close-down of the firm, are subject to co-determination and must be brought up to the works' councils before a decision can be taken. In companies employing 100 persons or more a special economic committee must be established to discuss all decisions affecting

mergers, or structural changes which might adversely affect the workers of the enterprise. A brief table below shows the rights of the works' councils divided into the two main categories, excluding the right to information.

TABLE 2

WORKS' COUNCIL RIGHTS

| PARTICIPATION | CO-DETERMINATION |
|--------------------------|---------------------|
| Manpower planning | Working hours |
| Dismissals | Methods of payment |
| Work procedure | Vacation |
| Job situation | Social amenities |
| Established organisation | Vocational training |
| Operation changes | Establishment order |
| Protection of labour | Hirings |
| | Transfers |

Source: Worker Co-determination, Facts about Germany Edition for the Press and Information Office of the Government of the Federal Republic of Germany.

Co-determination or Mitbestimmung, which was introduced in its modern form in 1951, gave workers in the mining and steel industries important co-determination rights as well as a participative voice in management. The new acts of 1972 and 1976 extended co-determination rights to all the working population in the West German industry.

According to the West German industrial system, each enterprise has two major bodies of management. The supervisory council (Aufsichtsrat) and the executive board (Vorstand). The supervisory council is responsible for controlling the enterprise, and the executive board for the day-to-day running of the establishment. The Works' Constitution Act of 1952 proposes a parity representation between labour and management in the coal and steel industries employing more than 1,000 persons, with a neutral person nominated by the other members of the supervisory board. The other ten members consist of five persons representing the workers in the establishment one of whom is an independent representative appointed by the trade unions. On the management side there are also five members nominated by the shareholders of the enterprise, the fifth person being independent. The two independent persons nominated from both sides must not be members of a union or employers' organisation, nor employees of that particular firm, nor should they have an interest in that firm.

On the executive board there must be a labour director whose function is to take care of personnel affairs and industrial relations, and who enjoys equal rights and cannot be nominated against the will of the labour representatives of the supervisory council.

The same Constitution Act of 1952 provides for one-third workers' representation on the supervisory council in all joint stock enterprises with up to 2,000 employees and for

other firms employing between 500 to 2,000 workers. Thus, in an eleven-member supervisory council of a joint stock company, four representatives come from the labour side, and eight from the shareholders' side.

For the major industries employing more than 2,000 persons the Co-determination Act of 1976 applies. According to the 1976 Act which covers about 500 such enterprises (except mining and steel), there is parity representation between worker appointees and shareholder appointees. The chairman and vice-chairman of the council are selected by the other members of that council with not less than a two-thirds majority. If this majority cannot be attained, the shareholders' representatives appoint the chairman, and the workers' representatives the vice-chairman. In the event of a dead-lock the chairman's vote is the decisive one.

The supervisory council consists of six representatives from each side in firms employing up to 10,000 employees. In enterprises employing between 10,000-20,000, there are eight representatives from each side, and in firms with more than 20,000 people there are ten members from either side.

The public sector has many similarities with the private sector discussed above. According to the Personnel Representation Acts of 1955 and 1974, a personnel council similar to the works' council must be established in all ministries, government departments, the Police, the Post

Office, the Social Security institution, town halls, law courts, etc. which employ more than five public employees. The councils represent all civil servants, general staff and manual workers employed by the Federal Republic, and it varies in size according to the number of people employed in the particular office, the maximum being 31 representatives. Similar councils are provided for employees under the age of 18 - the youth councils - and the head of an office has to confer with the members of the council at least every month.

All employees must be represented proportionately although the co-determination rights of general staff and manual workers are somewhat different from those of the civil servants.

Those engaged in the first category have the right of co-determination on such issues as working time, holiday planning, hiring and dismissals, welfare, training, redundancy policy, etc. and the manager of the office can only act with council approval.

In the case of civil servant employees those rights are similar with the exception that all arbitration committee decisions (in case of a dead-lock) can be over-ruled by management whereas for the other employees, the decision of the arbitration committee is binding.

In general, public employees enjoy lesser freedom than private employees in the sense that the former cannot strike

and have certain limitations in collective bargaining.

Although both employees and employers are not very satisfied with the present state of affairs, each side wanting more rights and representation, the existing Co-determination Act is likely to remain for the foreseeable future. The West German system of co-determination is a success which is undisputed by all those concerned, including the three major political parties, and has proved a stabilizing socio-economic factor for the Federal Republic. It renders both sides "social partners", making labour more responsible, certainly more productive, by giving them increased participation and motivation; two elements which have vastly contributed to the strength and efficiency of the West German industry. The Confederation of German Employers' Association (BDA) supporting all forms of co-determination within the West German economy, has expressed its support for co-operation with the trade unions.

PART TWO

Structural Differences Between Trade Unions in North America and Europe

European unions have a completely different background from their North American counterparts. This difference along with other factors analysed below, accounts for the superiority of the European industrial relations systems as compared with those of North America.¹⁶

If we start by examining the ideological differences of the Western European and North American unions, we will see that the European labour movements started as revolutionary movements against the status quo, whereas trade unions in North America always regarded themselves as part of the capitalist system. European labour movements were the products of class struggle, and although initially revolutionary in essence, have developed a more reformatory character which is still maintained today. Their close association with politics, particularly through links with socialist and communist parties were aimed at bringing about the democratisation of the enterprise. Since the late nineteenth century, European unions have viewed themselves as the instrument for political democracy. With the exception of Italy and France where most unions became dominated by the Communist parties, the majority of European unions became associated with Socialist parties, and in some

countries where most of the population was Roman Catholic, unions collaborated with Christian Democratic parties. The Christian Democratic parties, although closely associated with Christian unions, never dominated them and the support they received from the unions in elections depended on the stance they adopted.¹⁷ The more to the left their stance, the greater the support they would receive from the unions.

The case of the British trade unions seems to be different. During the late nineteenth century, the British unions ran the risk of being labelled illegal associations responsible for restraining trade. They, therefore, sought ways of lobbying in Parliament in order to change the existing laws. Thus, aiming to appoint members in Parliament who would represent union rights, they created various independent political parties out of which the Labour Party in the early twentieth century was created. Although the Labour Party is no longer dominated by British unions as much as it was, it is still supported by them and still represents trade union members in Parliament.

The association between unions and political parties in Britain is found in almost every Northern European E.E.C. country, eg. Belgium, West Germany, the Netherlands, Denmark, etc. This relationship, however, is not as strong. If we take West Germany as an example, there is a close bond between German trade unions and the Social Democratic Party. In 1905 the Social Democratic Party took over the leadership of most unions and became the dominating force behind their

actions. Labour representatives became members of the Party which served as a legal platform for the trade unions in their aim to promote industrial democracy. Trade unions managed to improve their collective bargaining position and the living conditions of their members, and this co-operation lasted until World War I when the party split into two factions, also dividing trade unions.

After the war, however, the factions decided to reconcile and a strong Social Democratic Party managed to fill its ranks with union representatives in 1919. To give an example of how strong the co-operation was, in 1924 out of 100 party members elected, 83 were union representatives.¹⁶ The rise of Adolf Hitler in the middle thirties and the dictatorship that followed his rise, broke up both partners but after World War II they again revived their association which exists to this day.

The German example influenced similar close associations between unions and political parties in most of the neighbouring countries namely Holland, Austria and Switzerland. Especially in Holland, the Socialist unions merged with the Confederation of Labour (NVV) making the union the most influential group behind the policies of the Dutch Labour Party.

As was mentioned earlier, the situation in France and Italy was completely different. Especially in the former, most union leaders saw themselves as anarchists who wanted

to topple the status quo without any political affiliations. Thus, trade unions became independent of political parties, and the trade union congress of Amiens in 1906 was a proof of their independence. According to the congress, most trade unions renewed their pledge to stay away from political parties in order to fight the status quo. Until 1934 the situation remained the same. The influence of the Communist Party, however, as well as of the Social Christian Party took its toll and soon enough trade unionists started joining these parties. Thus, unions were divided into communists, socialists, catholic and independents.

After World War II the situation did not greatly change and the communist union movement, the C.G.T, claims a good portion of the labour population. Other labour confederations, namely the catholic, and the socialist (F.O), attracted many trade union members to their ranks, and even today the socialist F.O. (Force Ouvrière) has ties with Socialist leaders in the National Assembly. Although the bonds are not as close as in Great Britain, the unions offer support to the Socialist Party with a say in the party policy.

The aims of European unions are that by lobbying through their political partners, they can promote better living conditions, co-operation with private enterprises with government control and planning, and eventually bring about a more equitable democratic system. If we take into account that most of the parties supported by labour have formed

governments in the past and some at the present, one can easily realise how this union-party association can influence the economic policy of the states governed by such parties.

in contrast, North American unions have resisted this political association and felt that collective bargaining within the enterprise is the major instrument for the improvement of working and living conditions of their members. North American unions did not identify themselves with the class struggle seen in the West European case, but on the contrary considered themselves as part of the capitalist society and did not seek ways of reforming it

It is necessary here to digress in order to explain that British trade unions, while relying heavily upon collective bargaining like their North American counterparts, resemble other European unions in their partnership with a political party. In the United States though, government was often seen as an undesirable element in the industrial relations system, and consequently was not trusted and was viewed with suspicion. Unionism started in the skilled crafts. Thereafter a struggle began, which still continues, to extend unionism to industry and the office in opposition to employers and, in many cases, opposing governments.

The breakthrough for industrial unions came about 1933 when unionism started spreading to heavy industries such as steel, rubber, electrical, auto and other

enterprises throughout the United States. Soon with the new system of shop steward representation at the firm level, such issues as pensions, health plans, holidays and annual vacation plans, were incorporated in the collective bargaining process promoting the interests of industrial and craft labour.¹⁰ Under the North American collective bargaining system the union deals with the employers of individual firms, whereas in Europe most unions deal with employers associations so that entire industries are involved. Thus, in Europe, a much larger working population is affected by, or benefits from, an agreement when compared with their American or Canadian counterparts.

Moreover, the grievance procedure in North America different from that in Europe. If there is a dispute by a worker, the shop steward is the first responsible person to solve the problem. If a solution to the dispute is not found, it is handled by higher ranking officers representing the management until it finds its way to private arbitration.

By contrast, in Europe the problem is handled by the works' council who will discuss it with the employer. If an agreement is not reached, the worker concerned can take it to the labour court for a final solution.

As was mentioned above, North American unions are not interested in participation at the top level of the enterprise, nor in works' councils. As a result of the

independent position they seek, they do not get information about the future of the enterprise, which could otherwise be used as a tool to promote the interest of their members. Canadian and American legislation requires both partners to bargain in good faith, which means that both sides have to furnish the other with all the information necessary for collective bargaining.²⁰ There appears to be no intention to change the present system.

On the other hand, European works' councils can have access to more information, because of the representation at the plant level and can, therefore, conduct negotiations based on a plethora of relevant information concerning both day-to-day affairs as well as future aspects and plans. Thus works' councils offer a better service to union members by receiving information of better quality as well as greater quantity. The distrust in works' councils arises primarily from the belief that works' councils are dominated by employers and that by sitting at the same table with them, it will undermine the loyalty of union representatives towards their members with adverse effect. Of course, the European experience has shown the contrary, with West Germany being a model of a better industrial relations system based on works' councils and worker representation on the boards of the major industries.

Another important factor determining industrial relations in the two continents is the role of the government, and specifically the degree of co-operation

between government, unions and the employers the enterprise.

in North America there is no such co-operation between the three parties concerned although both union and employer organisations when necessary exert influence in the form of political lobbying without taking part themselves in the formulation of national policy. The importance of tripartite co-operation has been stressed repeatedly by prominent economists and labour organisations, but until the present time there has been no breakthrough. A good case in point is the demand expressed by the Canadian Labour Congress (C.L.C.) in its 1976 annual convention, to have a say in the formulation of national economic and social policy.²¹ The Government of Canada reacted favourably but in less than a year the hopes for such a co-operation began to evaporate. Some unions were blamed for the failure to form such a tripartite body, and notably the Canadian Union of Public Employees (CUPE) which reacted unfavourably fearing that their position and political ties would be weakened.

Due to the various levels of government in Canada and the United States, there is a difference in opinion and no centralized authority exists which would facilitate a tripartite co-operation. Indeed, one has to keep in mind that Canada has a federal system of government which consists of three levels of authority (regional, provincial, federal) which often creates problems of disagreements between the authorities involved. The United States have a

similar problem as state governments and the federal government often find themselves on the opposite side of the table. Furthermore, if we take account of the fact that individual unions and employers represent individual plants and not industries as a whole, in contrast with the European case, one can easily see the problems posed due to the multitude of different opinions and authorities involved.

Examining the European system of tripartite co-operation and the consultative mechanisms involved, one can easily understand why there is a heavy dependence upon legislation in the field of industrial relations. In most West European countries the powerful labour and employer organisations which represent the whole of the industry can consult with the government and formulate socio-economic and political policy. By consulting each other, all parties involved have realised that the actions of each group affects the others, and that their interests are somehow interlocked towards a common policy. It is the attitude of "we are all in this together" which has its roots back in the post World War II reconstruction period, that motivates a common strategy. As a result, the three parties can reach a consensus in such vital areas as job security, wages, training, working time, etc. Therefore, it is obvious that each of the organisations can influence government policy mainly because of the direct contact they maintain with the government through the tripartite consultative mechanisms at the national level.

Union recognition and co-operation between employers and employees is a further factor which accounts for the structural differences between North America and Europe. For some labour economists and industrial relations specialists, the difference in attitudes and relationships of workers and employers in Europe compared with the United States or Canada, constitutes the single most important factor responsible for contrasting industrial relations between the two continents.

A description of the two contrasting systems will be necessary so that one can better understand the vast differences in attitudes involved in the two systems.

The high degree of unionisation in Europe compared with that in North America, should be responsible for a higher number of strikes in the former compared with the latter. In reality, the converse is true. As the table below shows, the European countries in the period 1967-76 had fewer strikes than Canada or the United States, although the rates of unionisation were much higher. The days lost due to strikes in the two North American countries were much more than the days lost in Europe.²²

The numbers alone indicate that industrial conflict in North America is much more evident than in Europe which enjoys a healthier industrial relations system. If we add to this the fact that collective agreements in Europe cover a higher percentage of workers (including non-union), and

that unions represent a whole industry rather than an individual plant, the potential for a strike in Europe theoretically is much greater. For example, in West Germany although total union membership is around 9 million workers, collective agreements cover 18 million workers (about 90% of the total working population), and a strike call by a union leader would lead to a potential time loss of higher magnitude than occurs in reality. Thus, the impact would be much bigger than it actually is.

TABLE 3

Industrial Disputes and Rates of Unionization in
Selected Countries, 1967-1976*

| Country | Days lost in strikes (average per year) | Percentage of union- ization, 1976 of Non- agricultural wage and salary earners |
|--------------------------------|---|--|
| Australia | 1,131 | 55 |
| Belgium | 373 | 70 |
| <u>Canada</u> | 1,906 | 37 |
| Denmark | 571 | 65 |
| Finland | 957 | 78 |
| Federal Republic of Germany | 56 | 40 |
| Great Britain | 788 | 51-52 |
| Japan | 244 | 35 |
| Netherlands | 62 | 39-40 |
| Norway | 67 | 63 |
| Sweden | 39 | 82-83 |
| Switzerland | | 37 |
| <u>United States</u> | 1,349 | 28-29 |

Source I.L.O. and Employment Gazette (Great Britain), December 1977. Reprinted from Labour Relations in Advanced Industrial Societies, Issues and Problems, p.47. Note: The statistical data collected represents strikes in manufacturing, construction, and transport industries, although some local utilities were included in some countries. * Figures did not change significantly in the early eighties.

The subject of union recognition plays an important role here, since there is a difference in attitudes and legislation. Employers in Europe have not resisted, as a rule, union formation, with a few minor exceptions. The priority of reconstruction after World War II forced both sides into a co-operation and a mutual recognition of each other's role. Both employers' organisations and union organisations are the key partners in industrial relations and are often referred to as the "social partners" in recognition of equality among them. Employers' associations were founded in Europe, and represent, much like the unions, large geographical regions or a whole sector of the industry. As a result of this, as was mentioned earlier, bargaining (which includes all the enterprises of an industrial sector or a whole geographical area) is very important as it affects all those working or representing these enterprises. Thus, the benefits established through agreements cover the whole industry, and promote industrial policy to the national level. In contrast, in the United States and Canada, individual firms have to bargain with the local union which makes the firm less competitive vis-a-vis other non-unionized firms and therefore increases the resistance of managers to unionization. Thus, there is more at stake, and greater possibility of conflict. Furthermore, industry wide bargaining because of its sheer size, prevents negotiators from breaking the negotiations since the resulting strike will paralyze the industry and affect all the workers and firms in it.

in North America a union has to struggle in order to achieve recognition. To do so, it has to win an election by getting 51% of the workers' votes which will permit union establishment in a particular plant. Once the union is established the employer by law must deal with the union and bargain with its representatives in good faith. However, if the union does not achieve a majority, legislation permits the employer to exclude the union from bargaining. Because of this feature which is a characteristic of the Canadian and United States industries, one may find firms which are either fully unionized or non-unionized at all. Furthermore, the law prohibits unions to assist other workers in the non-unionized firms and, therefore, benefits obtained through collective bargaining do not cover the whole industry but only the lucky few who were able to form a union. The election itself sparks off conflict. As a matter of fact industrial relations in North America are based upon confrontation rather than co-operation. The distrust and the antipathy the one side feels for the other is the main feature of this relationship. This can be demonstrated rather vividly by the action the management takes in order to prevent unionization at their plant. Union busting is very common in North America, and many law firms specialize in just that. Several books have been written on that subject, aiming at helping managers to prevent unionization in their plant. Books such as: Labour Unions: How to Avert them, Beat them, Out-negotiate them, Live with them, Unload them,²³ are very common. A study which was carried out by the AFL-CIO indicated that out of

500 unions seeking elections in the United States only 50% of them were able to achieve recognition, mainly because of anti-union practices carried out by the employers. In Europe such union-busting techniques are virtually unheard of. Everett Kassalow mentions in an article titled: Industrial Conflict: The United States and Western Europe, the example of the Dutch Phillips electric company. According to Mr. Kassalow although only about 25% of the blue-and-white collar workers were union members the company never considered anti-union practices at its plant. As a contrasting example, one can mention the case of General Motors which used such practices in order to prevent unionization in their southern automobile plants. This action was aimed at the U.A.W. (United Automobile Workers) union which already represented about 90% of the company's workers. The contrast between the two examples is self-explanatory demonstrating two different attitudes.

Moreover, to give an additional example of the European mentality and the spirit of co-operation between the two sides one should quote Mr Kassalow who writes in the same article: "I was struck by a report prepared by Sydney Roger of the University of California's Institute of Industrial Relations. He accompanied a team of San Francisco longshoremen who, with the support of the Ford Foundation, undertook a work study visit to the docks of Rotterdam, the Netherlands. In Rotterdam they found a far more co-operative work atmosphere, greater job security, and greater community respect for the Dutch longshoremen than

they found in San Francisco."

The socio-economic nature of most European countries and particularly the welfare state and socio-economic planning, tend to promote union-management co-operation. A government which has to balance economic growth and full employment, will use such tools as taxation, income policies and manpower planning which are likely to put the pressure on both sides and make them more co-operative.

Trade itself is far more important to Europe than it is to North America as about 20-30% of the gross national product in most European countries is exported in the form of goods. Thus, this heavy reliance on trade makes employers and unions more sensible in that they have realized that co-operation is inevitable if they want to be more competitive in the world markets, especially when they have to compete with such giants as Japan and the United States.

PART THREE

Worker influence on economic and social policy making

Democratic values are the background to the European movement towards greater worker representation, and a stronger voice in matters affecting the well-being of workers. The well accepted principles that all individuals have equal political rights, the majority elects the government, and that people should be involved in decisions affecting their lives, are basic elements of our culture.

Today's trade unions operate on a broader basis, and one of their main areas of interest is the notion of employee participation. A report issued by the Trade Union Congress in Britain addressed to the Royal Commission on Trade Unions and Employers' Associations includes the following recommendation: "Provision should be made at each level in the management structure for trade union representatives of the work people employed in these industries to participate in the formulation of policy and in the day-to-day operation of these industries."⁴

In some Western European countries such as West Germany and Holland there have been attempts to increase employee influence in organizational decision-making by the introduction of such representation bodies as workers' councils and supervisory boards and by the election of worker directors.

Following Britain's entry into the European Economic Community (E.E.C) there has been an additional influence on political thought. The Draft Fifth Directive of the E.E.C. which stems from the experience of West Germany and the Netherlands, recommends a two-tier board structure: - supervisory board which incorporates worker representatives, and determines company policy, appoints and thus controls, a management board responsible for running the company.

Participation is a concept consisting of inter-related elements which are visible in the decision-making processes of an organisation. These elements which form the basis of participation are influence, interaction or consultation, and information.

The notion of influence is of primary importance to the concept of participation. It has a rather broad meaning and cannot be defined narrowly. There are many ways in which influence can be exerted within an organisation over decision-making, either by workers or managers "Participation" according to D. Wall and A. Lischeron,²⁶ "refers to influence in decision-making exerted through a process of interaction between workers and managers and based upon information sharing. The degree to which influence is exerted determines the degree of participation which occurs given that such influence is exerted through a process of interaction and information-sharing and is not solely dependent upon coercive power".

The highest level of participation occurs when both workers and managers exert equal influence over decision-making. The West German co-determination system in the mining, iron, steel industries is the closest example to that

The degree, the aim of participation, and the type of institutions which were later developed, vary from country to country within Europe. In some cases even within enterprises or industries. Nevertheless, there are some common characteristics in most Western European countries and more so within the E.E.C. countries, and are related to the three main areas of co-operation between workers and management: information, consultation, and decision-making.

The degree of influence which can be exerted by employees on management depends not only on the power of the union representing them, but also on the type of relation or co-operation between the managers and the managed within the enterprise. Furthermore, a point of particular importance is that the influence exerted by workers largely depends on the ability of employee representatives to use effectively the information received, so as to develop convincing arguments in their talks with management

The ways in which workers can participate the framework of industrial democracy, form a broad spectrum which can be characterised by four terms: communication, consultation, collective bargaining, and co-determination.

Although these terms were discussed in the first part of this paper, it is essential to explain their function again as they establish workers' rights and enable worker representatives to use them as a means of influence in the decision-making process.

Communication: it means a two-way information channel between the workers and the managers of the enterprise, where the final decision is taken by the management.

Consultation: the term implies the engagement of worker representatives in talks with management in order for the latter to reach a decision after hearing the worker viewpoint.

Collective bargaining: its aim is the achievement of a mutual agreement within traditional frameworks, and the final decision depends again on management. If such an agreement is not achieved workers can exert their negotiating influence with strike as the final weapon.

Co-determination: this form of industrial democracy not only promotes workers' rights during the decision-making process undertaken by management, but also limits strike action because it presupposes substantial employee-employer co-operation for its success. Co-determination does not exclude collective bargaining which is based on the traditional worker-employer relation. Experience shows that the most advanced forms of industrial democracy do not

eliminate but complement the collective bargaining process, to the point where they improve the endogenous causes of a conflict.

Moreover, participatory schemes which encourage the co-operation between workers and management in the enterprise, have grown to industrial and national level. With the addition of the Draft Fifth Directive they have grown to E.E.C. level. Following institutional or mutual agreements, worker representatives acquired the right to participate in tripartite bodies at the industrial, national or E.E.C. level. The purpose of such bodies is to influence through consultation, governmental or E.E.C. policy related to problems facing the industry, or even bigger ones of national or E.E.C. importance.

At this point one must draw a line between the two types of employee participation, namely immediate (direct) and distant (indirect) participation.

Immediate participation refers to lower level employee involvement in decisions within the organisational hierarchy, usually involving first-line managers or supervisors. Employees involved in such a form of participation are mainly concerned with the everyday work activities which have little impact outside a given department or working group.

Distant participation on the other hand is far more

important for those concerned as it gives workers a voice, through their representatives, in the top management boardrooms. The influence exerted by worker representatives and the ensuing decision-making undertaken by management, are less relevant to worker's own job activities but more beneficial to the employee organisation as a whole.

The most common form of distant (or indirect) participation found in Europe at the industry level, is the works' councils. These councils are, in practice, either representing worker groups, or employee management bodies which discuss and consult each other regarding problems of mutual interest, with the purpose of reaching an agreement or to influence the decisions made. Thus, the composition of these bodies differs from country to country, Belgium, Denmark, the Republic of Ireland, and Luxembourg being different from other E.E.C. member states. In these countries, works' councils consist of worker representatives - elected by the workers in the enterprise - and management representatives, appointed by the top management. On the other hand, in West Germany and the Netherlands, works' councils consist only of worker representatives.

The topics and subjects of discussions involving these works' councils vary according to the agreements between © workers and management, or national law. They usually include: production and productivity, financial and company matters, personnel, and finally the working environment

Indirect participation, because of the closer relation between the employees and the top management, provides the opportunity for employees to affect the decision-making process and managerial prerogatives. Much of the talks concentrate on policy issues and as it involves symbolic assumptions it provides an element of trust between employees and the top management.

Most works' councils do not have co-decision rights thereby limiting themselves to some form of co-operation. In reality this means that they have the right to protest against decisions taken, and also to propose and be consulted.

However, there is a higher level of indirect participation where the co-decision right is granted. In 1970 the Federal Republic of Germany was the only country where worker representatives had a seat on the board of directors in private enterprises. By 1976, most industries employing over 2,000 workers were obliged by law to grant co-decision rights to employee representatives.

Although West Germany is the only country in Europe where co-decision is implemented by law, in some countries, such as Denmark, Luxembourg, and the Netherlands there are provisions for employee participation in the board of directors in most industries. In France, the Sudreau Committee proposed joint supervision as the final target of enterprise reconstruction. In Italy, where workers do not

participate in administrative bodies in the same way as the above mentioned countries, worker organisations share the responsibilities with the top management for the investment policy of certain large private enterprises, within the framework of collective agreements. In the United Kingdom during the seventies, the government had announced new programmes calling for improved legislation which would guarantee worker representatives in the committees of large enterprises. The debate regarding the number of representatives, and whether they would be appointed by the unions or elected by the enterprise employees, took several years. In 1979, these new programmes were abandoned by the new Conservative Government. However, two years later the Ministry of Employment began supporting programmes promoting employee participation. Part of this change was due to the deterioration of industrial relations, and the drop in productivity. A series of directives were issued, aiming at helping the industry establish some degree of co-operation, voluntarily, or even through special union-management agreement. The government, however, should establish in the future some legal frameworks in order to harmonize itself with the proposed E.E.C. Directive regarding employee participation.

Employee Participation and Influence in the Federal
Republic of Germany

The System of Co-Determination

Co-determination or "Mitbestimmung" as it is known in West Germany, could be defined as the co-decision making (or equal say) in the social and economic decisions within the enterprise by workers through their representatives.²⁶ "Mitbestimmung" started in the private industry by law in 1951. This law introduced a system of co-determination into the West German coal, iron, and steel industries, where companies employing at least 1,000 workers were obliged to grant co-determination rights for the workers on the supervisory boards ("Aufsichsträte"). The 1976 law extended these co-determination rights to all workers of major industries employing 2,000 or more workers. The almost equal representation of workers on the supervisory boards in most industries in the Federal Republic of Germany, constitutes the most developed form of worker participation in the free market. However, one must not underestimate the role of lower level works' councils, because in West Germany, they represent the workers of almost all enterprises, whether they are members of a union or not. In fact, the West German system of joint-consultation is the most sophisticated, where works' councils play a very important role in industrial life. The DGB (German Trade Union Confederation) has been very active in seeking more

powers for the works' councils, and improving their functioning. The 1972 Works' Constitution Act recognised many DGB aims, and made works' councils more responsible for handling employee grievances, policing the union contract, hire and fire of employees, transfers and promotion. Works' councils have been given the legal right to equal influence with the employers in such decision-making issues as those mentioned above. They also have the right to adequate information from management about pending decisions.

The higher level supervisory boards are organs responsible for investment and policy, and their main role is to supervise management board decisions. According to labour constitutional law, the supervisory committee (board) has the power to ensure that the law is implemented and observes collective bargaining agreement concerning wages, and other employee-management agreements. Moreover, it makes sure that management has not taken any unilateral decision which would have a damaging impact on the employees. The German labour law goes even further, protecting workers in small enterprises. Enterprises employing 100 workers or more must have an economic committee appointed by the works' council. The employer is obliged to inform this committee regularly on matters concerning the financial situation of the enterprise, investments, planning organisation, and to study these matters together with the economic committee.²⁷

n West Germany, there is an intensive, continuous

dialogue between economic researchers, economists, the federal government, industrial organisations and trade unions. This institutionalized form of "Concerted Action" was established by the coalition government in 1966. According to Federal Chancellor Dr. Kiesinger (1966) "the scope for expansion policy depends on the success of voluntary, joint efforts by the trade unions and employers' associations to adopt an attitude of stability within economic upswing."²⁸ "Concerted Action" does not go so far as agreements on specific topics such as wages or price controls. There is an exchange of views, which takes place regularly during each year, between the Federal Economics Ministry, all industrial associations, the Federal Bank, the Council of Experts and the trade unions. The talks include wages and prices, profits, investments, orders and exports. What they do, in fact, is to cover all the main factors which exert influence on the incomes situation.

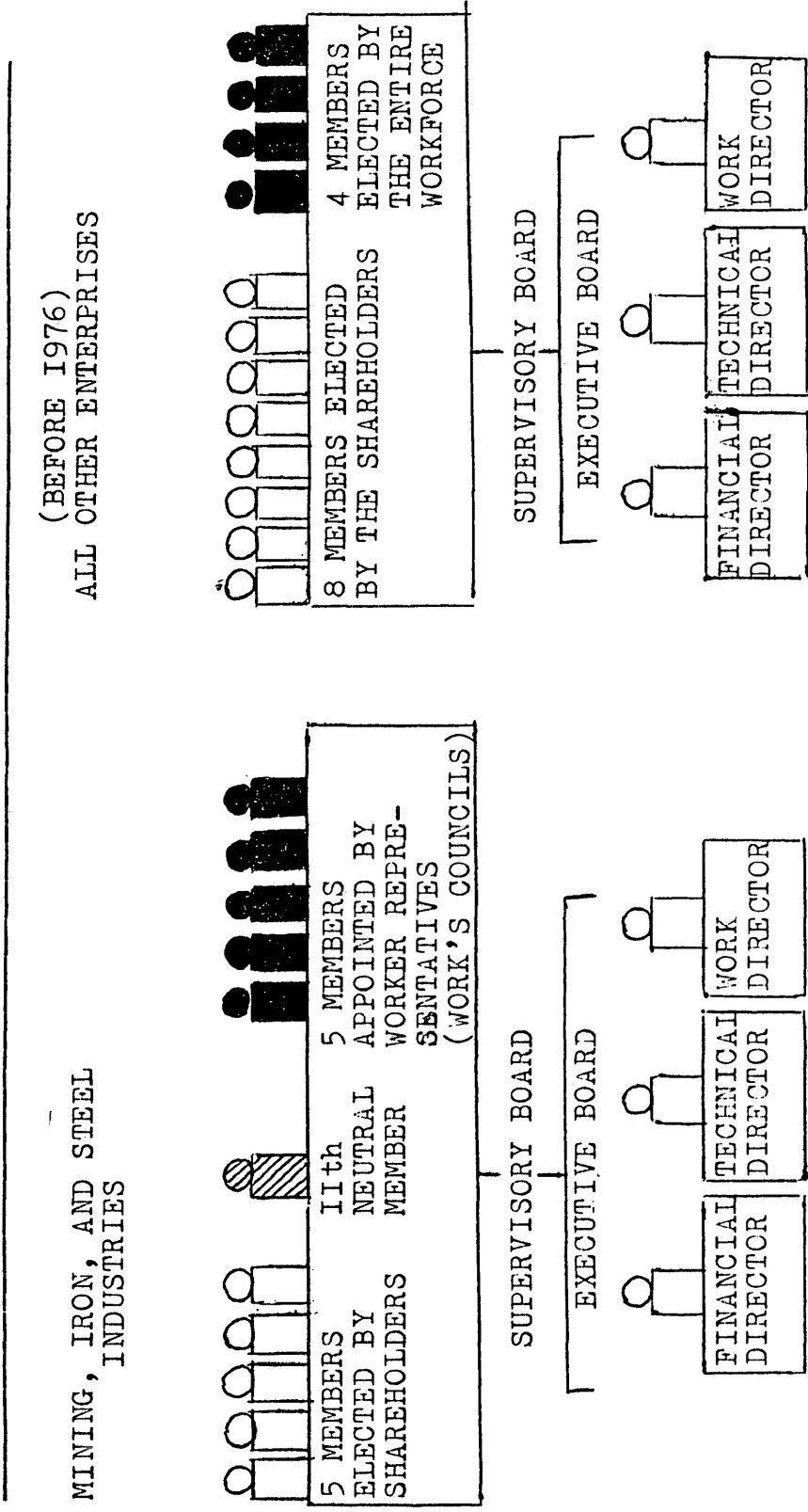
This tripartite co-operation including the federal government, the employers' associations and the Trade Union Confederation, plays a very important role in the outcome of decisions regarding economic policy. While the data produced by the federal government and the Federal Bank, as well as various economic research institutes, has an influence on pay talks, collective agreements influence on the work of legislators. For example, the economization protection agreement which was concluded by the Textiles and Clothing Employees' Union and the respective employers' association, was very beneficial for the employees. The

social plans concerning factory closures which came about from this agreement, have been adopted by the legislators as a model of company closure (for all forms of company closure), and incorporated in Company Constitutional Law regarding dismissal from employment.²⁰

Finally, another characteristic of the German system promotes employee participation, which exerts influence on E.E.C. policy concerning company structure, is the two level co-decision system which is shown in diagrams 1 and 3 below and will be discussed later.

DIAGRAMS I AND 2

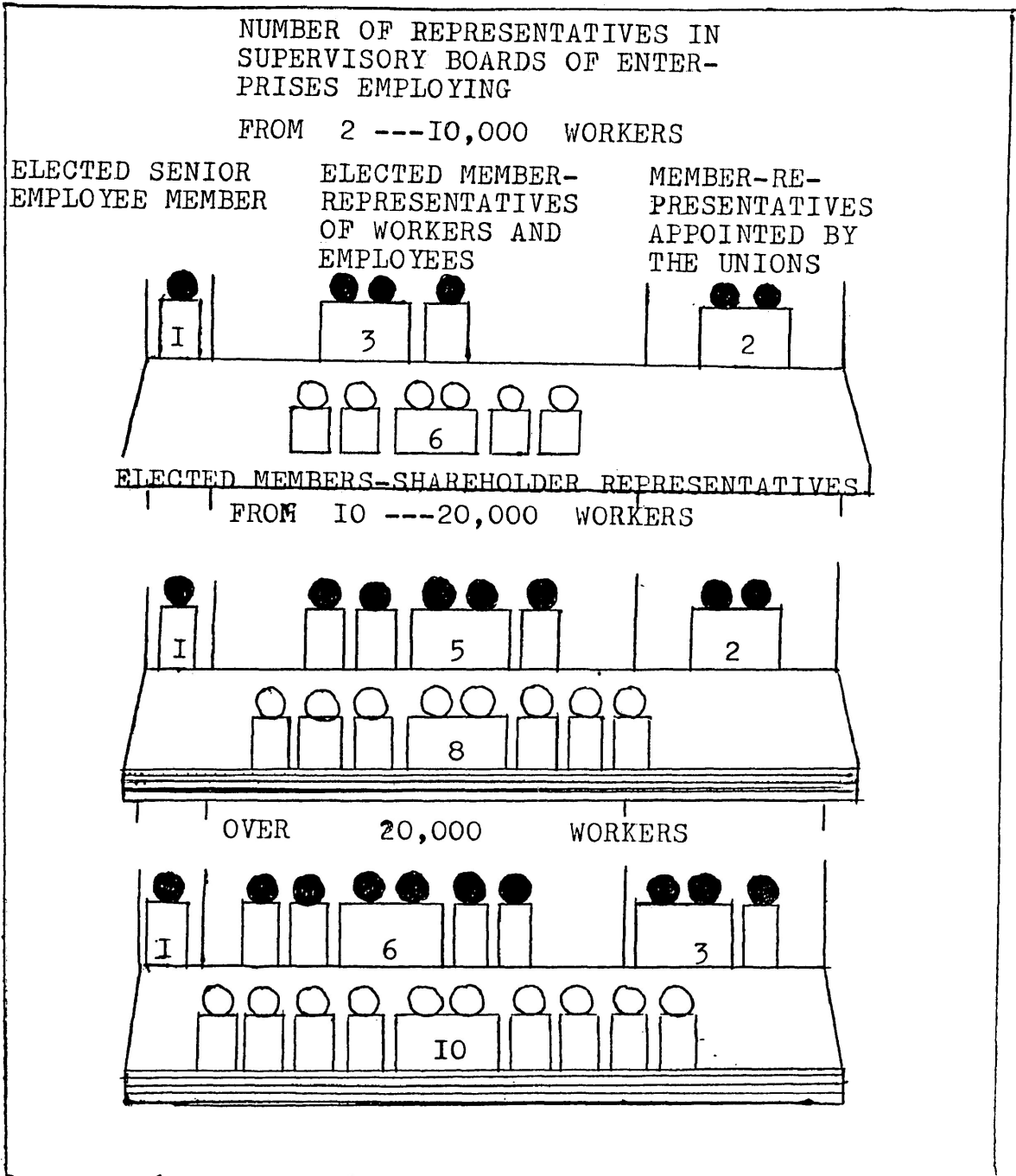
CO-DECISION (CO-DETERMINATION) IN THE WEST GERMAN PRIVATE ENTERPRISES



Source: The Embassy of the Federal Republic of Germany in Ottawa

DIAGRAM 3

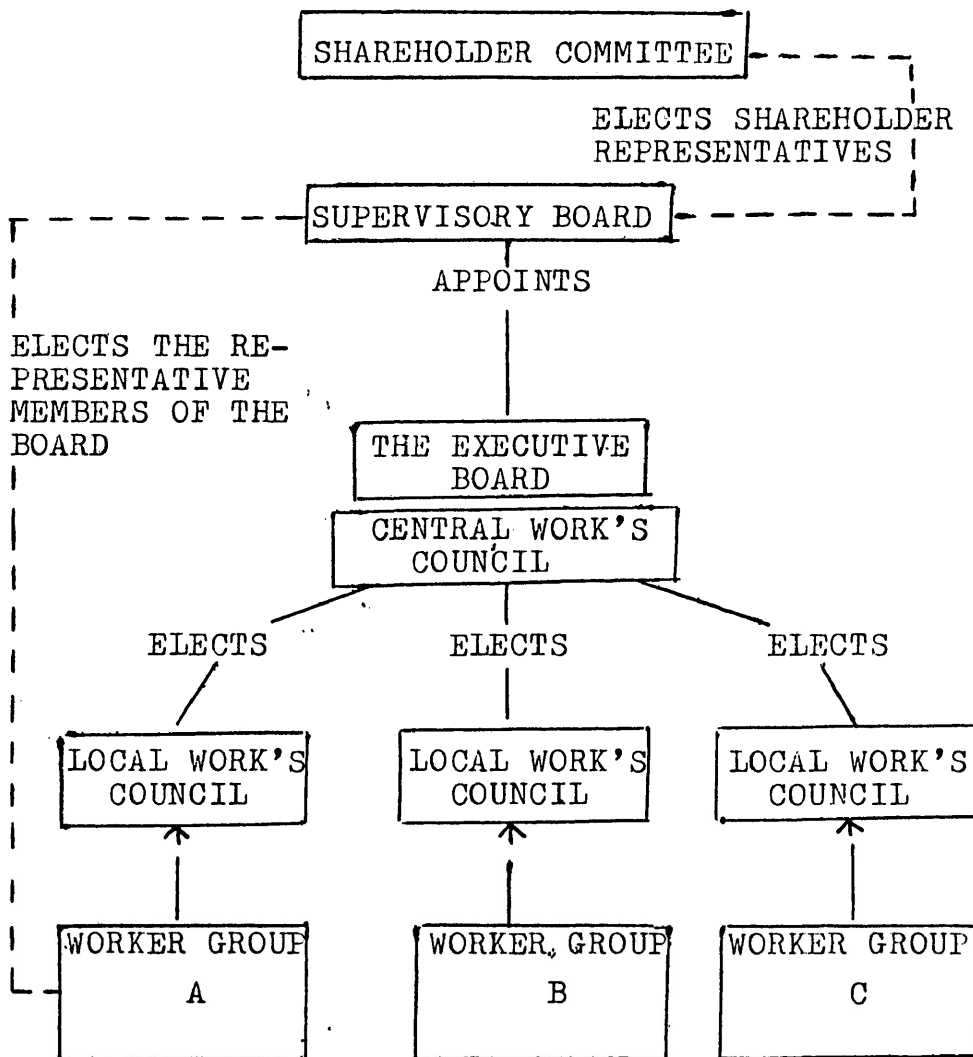
THE CO-DECISION SYSTEM IN ALL THE LARGE WEST GERMAN ENTERPRISES AFTER 1976 EXCLUDING THE MINING, IRON, AND STEEL INDUSTRIES WHERE THE SYSTEM OF PARITY REPRESENTATION IN SUPERVISORY BOARDS STILL PREVAILS



Source: " Social Report" Bonn

DIAGRAM 4

THE WEST GERMAN SYSTEM OF WORKER'S PARTICIPATION THROUGH THE WORK'S COUNCILS AND SUPERVISORY BOARDS IN THE MANAGEMENT OF PRIVATE ENTERPRISES



Source: Dr. C. Jecchinis, " I Simmetochi ton Ergasomenon sti Diikisi ton Epichiriseon", Athens 1984.

Employee Participation and Influence in the
Netherlands

There are two central employers' organisations, as well as four union federations in the Netherlands. The former are the Federation of Netherlands Industry (NVO) and the Netherlands Christian Employers' Federation (NCW). The four union federations are: the Netherlands Federation of Trade Unions (NVV), the Netherlands Federation of Catholic Trade Unions (NKV), the Netherlands Federation of Protestant Trade Unions (CNV), and finally the Netherlands Executive Staff Unions Federation (NCHP).

All organisations are heavily involved in all fields of social and economic policy. The unions, in particular, are represented on many bodies which advise the government and discharge functions in the field of public law. All unions affiliated to the four federations are organised by occupation or sector of industry. The federations themselves, are part of the Joint Industrial Labour Council and the Socio-Economic Council (SER).

The government, in its role of implementing and framing the social and economic policy, is assisted by councils and corporations which are run by representatives of those engaged in the industry. Thus, the industry is partly responsible for the introduction and implementation of certain socio-economic policies. According to their

function these bodies are (a) autonomous: as they decide and arrange on a number of matters in socio-economic policy making, (b) policy-making: sharing the responsibility in policy making, and (c) advisory: advising the government on policy.

In the Netherlands there are efforts to give workers say in all matters concerning them, both nationally and in the various sectors of the industry.

The Socio-Economic Council which was founded in 1950, plays an important role in social and economic administration. It is an advisory body, and represents the industry thanks to the power given to it by law. It has 45 members, the Crown, the employers' organisations, and the central trade unions each appointing 15 members. In this tripartite body the Crown representatives, the employers and the employees work together and issue draft recommendations which frequently are identical to the ultimate recommendations. Some of the SER committees are responsible for works' councils, mergers, national economic development, international socio-economic affairs, consumer affairs, social insurance, and the Employment Council. All recommendations issued by the SER influence the government and especially those which are unanimous. The SER is not only the highest advisory body for the government on socio-economic matters but also supervises compliance with the merger code, it assists in appointing directors of large companies and can widen the powers of the works' councils by

decree. It is also responsible for the supervision of commodity and industrial boards.

The commodity and industrial boards, also founded in 1950, have different functions. The former is responsible for the food sector and represents the cultivation, breeding and manufacture of a product as well as the wholesale and retail trades that handle that product. The latter is set up for companies in the commerce sector, and covers agriculture, fisheries, industry, the wholesale trade, the retail trade, and the service industries.

In both bodies, the employers' and workers' representatives are equally represented, and appointed by the Crown. The commodity bodies are more powerful in the sense that they enforce regulations in the economic sphere, including the regulation of prices. The industrial boards have socio-economic powers, and some of them establish wage regulations which apply either to all labour agreements, or to agreements which are not subject to collective bargaining. They can take independent action on matters concerning training, subsidising research, issuing informative publications, preventing seasonal unemployment, and improving production methods. Commodity boards on the other hand, are often responsible for the implementation of regulations of the European Communities.

Some other bodies appointed by the Crown and responsible for socio-economic policy, are the Social Security Council

(SVR), and the Industrial Insurance Board. Both bodies are workers appointed in equal numbers. The SVR has a number of committees responsible for the supervision of wages, co-ordination of social insurance, wages and income tax. It supervises the implementation of statutory employer insurance, disablement insurance, sickness benefits, and the unemployment insurance, all covered by corresponding acts

The industrial insurance boards are set up by employers' and employees' organisations and their job is to put employees' insurance into effect. Each sector of industry has its own insurance board which supervises and implements the statutory disablement insurance, the statutory health insurance, and the statutory redundancy pay and unemployment insurance.

The Worker participation in the Netherlands

Works' councils in the Netherlands cover not only the industry but all groups of employees covered by labour agreements. Specifically they cover employees working in industries, factories, offices, shops, hospitals, old people's homes, cultural facilities, and non-profit organisations. The management must always ask the advice of the council before taking any measures affecting workers' lives. The council must be consulted prior to decision-making for matters concerning mergers, closures, reorganisation, moving, cuts or expansion of work, long-term co-operation with other establishments, etc. All

information needed by the works' councils in order to conduct its duties, must be supplied by the management. When an employer does not comply with the Works' Council Act, a Cantonal Court may be called to give a ruling.³⁰

Incomes and Wages policy

Incomes policy in the Netherlands has received constant attention since World War I! There has been a marked move in that direction due to a desire for fair distribution of incomes. Social security, the statutory minimum wage, and the progressive effect of taxation have been strongly influenced by unions, through the SER and other committees. Lately, there has been a strong pressure in Parliament towards a fairer incomes distribution within the framework of socio-economic policy. Some of the expected measures include:

- 1) The change of the decision-making procedure so that the social partners are involved in talks on the distribution of the national product between the public sector, social security, wages and other income.
- 2) The promotion of a fairer distribution of incomes in the long term, by seeing that everybody has an equal opportunity to reach a certain income level, and by preventing certain groups from exerting undue influence.
- 3) The use of government statutory powers directly

influence wages and prices in special circumstances, as the determination of wages and prices is usually left to market forces.

4) Policy on the social security, subsidies and taxation remain an important factor in the redistribution of incomes, as they remedy the effects of the market forces.

The SER is preparing a recommendation which deals with all four measures.

The wages policy which originated at the end of World War II is part of the general social and economic policy. Although the government in the beginning did not play a major role in wage fixing, the influence exerted by industrial organisations started to thin out in the fifties and the early sixties. Both the trade unions and the employers' associations started resisting the extent of government influence. With the establishment of the SER the power to approve collective labour agreements was taken from the Board of Government Mediators and given to the Joint Industrial Labour Council. The relevant criteria were established together by the government and the Joint Industrial Labour Council and were based on SER estimates of the overall wage cost rises, after consultation with the industrial organisations.

~ recommendation made by the SER in 1971 the wages

policy was placed in the context of a medium term economic policy. According to the plan, a committee of experts would submit to the Joint Industrial Labour Council and the SER an annual socio-economic policy recommendation, including wages and prices. The role of the government is to consult both sides of the industry before the formulation of such policy.

Trade Union Influence in Britain

The Seventies

The close ties between the Labour Party and the trade union movement, especially after the former took office in 1974 and became the governing party, led to an alliance known as the social contract. The seventies in Britain were characterized by high inflation, unemployment, balance of trade deficits, a weak currency and British manufacturing was in peril. However, although these problems existed then, the strong alliance remained unshaken. The social contract was viewed by many as a means of trade union influence which led to tyrannical power on the government and threatened the constitution itself. In reality, although trade union influence was strong, it did not succeed in many issues which were considered very important by trade union leaders. These will be mentioned later.

On the other hand, the Labour Party argued that all over Western Europe and especially in West Germany and Scandinavia where trade unions and the social democratic parties were working together for a fairer society, the close co-operation succeeded in creating a richer and financially better society for everybody. Moreover, the party claimed that the social contract was the British answer to the development which started in the seventies all over Europe.²¹

The social contract was born in 1970 after the election defeat of the Labour Party. Both the TUC (Trade Union Congress) and the Labour Party in their effort to oppose Edward Heath's Industrial Relations Bill, decided to establish a committee on a permanent basis. Since the foundation of the Labour Party by unions in 1900, the ties between them had been very strong with the exception of the sixties when they grew strained. Now, there was an effort to repair the damage and to proceed together for the formulation of a future industrial relations policy.

The Liaison Committee which was founded in 1971 sought to reform industrial relations creating a Conciliation and Arbitration Service, made up of employer and union representatives. Moreover it called for an extension of worker rights in matters concerning membership of a union, unfair dismissals, minimum notice, and refusal by the employer of union recognition and information.

In 1972 and 1973 the Liaison Committee expanded its work on general economic policy including inflation, the balance of payments, unemployment, and the cost of living.

A statement released by the Liaison Committee in 1973 was: " the first task of a new Labour Government would be to conclude with the TUC a wide ranging agreement on the policies to be pursued in all these aspects of our economic life and to discuss with them the order of priorities for their fulfilment." 32

Close co-operation between the Labour Party and the trade unions continued after the Labour Party took office in 1974 and in the period 1975-76 it was to the Liaison Committee that the Cabinet looked for help and guidance.

During 1974 the Labour Government programme was met with approval by the TUC. The repeal of the Industrial Relations Act was a priority which was hailed by the trade unions. The new Trade Union and Labour Relations Act was passed in the 1974 parliamentary session. Another legislation which was of prime interest to the TUC, namely the Health and Safety at Work Act, was also passed that same year.

Although, as it was mentioned before, the TUC influenced the Labour Party's economic policy, financial realities were the barrier towards the full implementation of the social contract. The balance of payment deficit, and the weak pound accounted among others to the difference in opinion between the government and the TUC in the Spring of 1975.

Trade unions pressed for an increase in public spending when the government did the exact opposite cutting expenditure. Moreover the level of wage increases (around 25% annually) alarmed the government, and although the incomes policy was carefully avoided in the original social contract, it created further differences in outlook between the two partners.

1975 economic crisis forced the government to take

measures such as a pay policy, massive borrowing from the International Monetary Fund in order to save a catastrophic deflation.

At the same time the TUC worried about the welfare of the low income families demanded improvements in the social wage, food subsidies, price controls, manpower planning, etc., which the government failed to deliver.

However, TUC pressure succeeded in persuading the government to take action in 1975-76 to ease the job crisis and boost investment. The TUC Economic Review urged the government to set a target of 600,000 unemployed by 1978. It also urged a wealth tax and a £1,900 million budget increase.⁹⁹

However, although the TUC disagreed with the Labour policy it did not break the alliance. It accepted the £2,300 million IMF loan in order to protect the pound against its fall. The industrial policy followed by the Labour Government was not greatly influenced by the TUC. Although both agreed on the creation of the National Enterprise Board (NEB) in order to start industry planning, the government, fearing a damaged business confidence by the introduction of a massive public body, backed down especially after some pressure from the Confederation of British Industry (CBI)

Prime Minister Harold Wilson did not want a NEB control over private industries while the TUC advocated freedom for

the NEB to carry out its own acquisition strategy. The TUC wanted to see more union influence at company level through participation in programmes covering such issues as investment, imports and exports, and pricing policy. The government did not succeed in the implementation of planning agreements covering all these strategic decisions and the TUC complained on many occasions through their Economic Review about the slow progress.

Manpower policy was the field where the TUC exercised most of its influence. Faced by a rise in unemployment the government sought TUC advice in order to reduce the job crisis.

The 1975-76 period saw steps taken by the government with TUC approval towards job creation schemes and temporary employment subsidies. The TUC's idea of a job creation subsidy in the most depressed areas became in 1976 a major manpower policy. TUC pressure for funds for employment and training did also succeed in becoming a major manpower programme.

Other areas where the trade unions were very influential were industrial relations and industrial democracy. Both were an early commitment of the social contract and were respected by the Labour Government. In September 1974 the government published a document laying down provisions for guaranteed earnings, maternity pay and leave, union and public duties time off, measures against discrimination for

trade union members, the right to union recognition and information disclosure as well as union consultation before declaring redundancies.²⁴ The government provisions found warm support with the TUC on the whole, and the legislation was responsible for more union influence.

in 1977 the Bullock Committee on industrial democracy produced its report. It favoured a parity representation on company board of enterprises employing over 2,000 workers, the worker representatives being chosen through the union mechanisms. One cannot easily prove that union influence on industrial democracy dictated the government's position. As Britain is far behind other European countries in worker representation and decision-making, the social contract was the first step towards equal representation and decision-making in British industry.

Worker Participation in the Republic of Ireland

The Republic of Ireland introduced in 1977 an act, the Worker Participation Act, which provided for the election of employees who would fill one-third of the seats on the boards of seven public companies. These companies are:

The British and Irish Steam Packet Company (shipping)
The Electricity Supply Board Aer Lingus (the national airline) Bord n Mona (peat processing) Nitrigin Eireann (fertiliser production) Comhlucht Sinicre Eireann (sugar company) CIE (state railways)

Worker directors from these state companies are elected directly by all employees of each enterprise, and can be nominated only by a trade union or the unions representing the employees of these particular enterprises. If the returning officer decides that a particular body of people can act as a collective bargaining party, then this party can represent the employees of the enterprise in question. The returning officer at elections can be either the Secretary of the designated body or any other person whom the Secretary considers to be both capable of doing the job and is acceptable to a majority of the employees. The returning officer may not nominate a candidate at elections and cannot be proposed as a candidate himself. The government has the right to appoint the other two-thirds of directors, from persons representing not only the government but society's interests as a whole.

The whole question of worker directors was not very popular in the beginning, because both the Irish industry and some trade unions were afraid that worker directors would betray their interests.

A study undertaken by the Irish Productivity Centre²⁶ proved that all these fears were dispersed very soon after the beginning of the experiment, and most senior managers, company directors, trade unionists, and employees not only began to accept the idea but also to welcome it. Michael Costello, one of the four worker directors for Aer Lingus the national airline -- explains: "those who were originally opposed to the initiative accepted the inevitable with good grace and decided to do all possible to make it work"

Although some initial difficulties had to be ironed out, the Irish participatory system had been very successful. According to Michael Costello, "there is evidence of improved harmony and a better climate in the organisation concerned arising from the fact that employees are represented at the highest forum in the company. It would appear that this representation has given comfort to employees in the difficult economic climate that has prevailed in recent years; the work-forces of these seven enterprises can at least be sure that any decisions in relation to their future employment will eventually have to be discussed at a forum on which they are represented".²⁶

Fears that trade union activists would be incapable

adopting a participative role have been dissolved. Many critics of participation, advocating that such activists would take a radical position whenever they had the chance, were proved wrong in their assumption. During the seven years of the Irish experiment trade union activists displayed their skills in participation without adopting a radical position.

Furthermore, those participating in the boards of the seven enterprises have learned more about where decisions are made, and have acquired a better understanding of the decision-making process.

Another area where the experiment was proved successful is the communication between management and the worker directors. Because these worker directors attend the board meetings and receive information on the performance of their company, this information is passed down the line and thus workers have a better picture regarding company operations.

In conclusion, it may be said that the Irish experiment of worker participation in the management of state or public enterprises, has been fairly successful and that in addition to the satisfaction of the employees, it is making a positive contribution to good industrial relations and managerial efficiency.

Worker Participation in the European Community

Since its foundation, the European Community sought measures to ensure that industrial democracy would be preserved within its frontiers and that the interests of the working population would not depend on individual employers and shareholders alone, but on the Member States as well, whose task it would be to protect workers' rights and promote industrial democracy.

When the Community proposed workers' participation for the first time, only the Federal Republic of Germany had employee representatives on company boards. By 1980 three other countries (Denmark, Luxembourg, and the Netherlands) had similar provisions for workers' participation on company boards, while the other E.E.C. members had plans for future application.

Recognizing that most E.E.C. member countries had increased interest in worker's participation, particularly West Germany, the Commission of the European Community provided a management and a supervisory board (West Germany style) for limited-liability companies within the Community. The European Company statute proposed a one-third worker participation on the supervisory board of the European companies. In addition, there would be a European works' council in all the enterprises belonging to the European company.

Furthermore, recognizing that the states which form the E.E.C. have different needs and social systems, the European Commission sought to harmonize national company law especially with respect to worker participation. For this purpose, it drew up various formulas and directives which required the member states to ensure that all laws which apply to private and public companies fall within a common framework. For this purpose, in 1972, the Commission presented the proposal for a Fifth Directive which offered methods of ensuring that workers could participate on the supervisory boards of European companies. Later, with the entry of Ireland, Denmark and Great Britain into the E.E.C. this Fifth Directive was further amended and in 1975, the so-called "Green Paper" was published, which recognizes flexibility on matters of employee participation and company structure. The call for flexibility is derived from the recognition of worker's participation within the Community which, due to political and social realities, would require some time before its implementation.

The Fifth Directive required all companies to operate under a two-tier board structure (ie. with a supervisory board and a management board), and that all companies employing 500 persons or more, would provide for worker representation on the supervisory board. In February 1975, a draft directive was adopted by the Council of Ministers concerning dismissals and redundancies. According to the directive, employers planning dismissals must first consult with workers' representatives in order to avoid or reduce

these lay-offs and their grave consequences. The employer must give at least a 30 day notice to the workers' representatives as well as the authorities in order to seek solutions which may avert or compromise any such decisions

Another directive which sought to safeguard workers' rights in cases of mergers and takeovers was adopted by the Council of Ministers in February 1977.²⁷ According to this directive all workers concerned must be informed ahead of time of any imminent merger or takeover, given sufficient reason for it, as well as the consequences for their jobs.

.. further amendment of the Fifth Directive which was adopted by the European Parliament in May 1982, is a significant step forward towards industrial democracy.

Although left-wing parties disapproved of the new amendment claiming it did not give workers a complete parity vis-a-vis management, the majority of the European Parliament accepted and adopted the new directive.

The new proposals by the European Commission which have been adopted by the member states of the E.E.C. are as follows:

Introduction of the dualist system (management body and supervisory body) only on optional basis, the one way system (board of directors) being the only one known in the Member States (United Kingdom in the lead).

-) Introduction of the participation regime in companies with 1,000 workers (and not 500, as the European Commission proposed).
-) Nomination of the supervisory body on joint basis, ensuring equivalent representation of shareholder and workers, following a transitional period which would be laid down by the Council.³⁸

The first proposal was a compromise between two different models; the German-Dutch model which advocates a two-tier system (management and supervisory board) and the second model, advocated by the Italian, French and British delegates incorporating a single body mechanism, namely the board of directors.

Furthermore, other amendments dealing with technical aspects were adopted. These amendments cover issues such as annual accounts, dismissal of auditors, representation rights, etc. Thus, according to the resolution, "this representation has the right to be regularly informed and consulted on the management, situation, development and future prospects of the company, its competitive position, its resource to credit and its investment programmes".³⁹

Finally, the European Parliament, having accepted two amendments introduced by the German delegates Sieglerschmidt and Velter, declares that:

-) "by constant and well-orientated evolution, Community policy must guarantee the workers of limited companies the right to exercise, by their participation in those companies' bodies, a real influence on the firm's decisions".

-) "differences in political, historical and philosophical conceptions having prevented participation from developing along the same lines or to the same extent in all Member States, it is now necessary to create comparable legal conditions with a view to establishing this participation in the Member States".⁴⁰

Regarding information and consultation procedures, several directives have been issued, some of them have been adopted by the European Parliament and some still under discussion. The two most important directives which have been accepted and adopted by the Member States by voting for them, are the Vredeling Directive of Act 1982, and the Council Directive (amended) of July 1983. In the first one, although adopted, some changes have to be made and it deals mainly with voting procedures, size of companies, information and consultation procedures, etc. Without entering into the various technical details, the amendments in brief are:

Employees' representatives: "They shall be elected by secret ballot directly from the employees by the employees in each subsidiary undertaking or

establishment".

Size of companies: "To be covered by the Directive, individual subsidiaries must employ at least 100 workers and be part of a group which employs at least 1000 in the Community".

Information, Frequency and Scope: "Information should be provided at least once a year, rather than at least every six months".

The "bypass option": "Worker representatives may in certain circumstances address themselves direct to management at corporate headquarters, but in writing. However, if the company fails to meet its obligations, workers' representatives can take their company to the courts".

Consultations: "To take place with workers in each concerned subsidiary".⁴¹

The latest proposal dealing with procedures for informing and consulting employees, was presented by the Commission in July 1983, and is an amendment of the original council directive presented on 24th October 1980. It contains all the proposals mentioned in other directives, concerning information and consultation procedures with some additions and minor changes. The amended text is geared towards workers' rights and tries to protect employee

interests.

The amended proposal provides for information procedures not only of general nature but of specific as well according to the particular sector of production, the geographical area, etc. Moreover, it provides for information on data, sales and employment, future investment prospects etc. All information has to be given to the subsidiary from the mother company within 30 days, so that the employees concerned will be promptly informed.

Consultation must take place before the final decision is taken by the management of the enterprise, but the intention is not to impose co-determination rights. The Commission has also added to the list of consultation procedures, measures concerning the health and safety of employees, modifications on production methods and practices which result from the introduction of new technological methods.

The Commission of European Communities aims to protect employee interests and thus give them a stronger and more influential voice in the decision-making process within European enterprises. For this purpose it published an amended proposal for a council directive on procedures for informing and consulting the employees of undertakings with complex structures, in particular trans-national undertakings: 42

"Whereas Council Directive 75/129/EEC of 17th February 1975 on the approximation of the laws of the Member States relating to collective redundancies and Council Directive 77/187/EEC of 14th February 1977 on the safe-guarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses incorporate compulsory procedures for informing and consulting the representatives of the employees affected by the operations in question, makes provision for worker participation;⁴³

Whereas steps should be taken to ensure that workers employed by a subsidiary in the Community are kept informed as to the activities and prospects of the parent undertaking and the subsidiaries as a whole so that they may assess the possible impact on their interests; whereas, to this end, the undertaking should be required to communicate to the employees' representatives both general information similar to that which must be disclosed under Directive 83/349/EEC but angled towards the interest of the employees, and information relating more specifically to these aspects of its activities and prospects which are liable to affect the employees' interests;⁴⁴

Whereas appropriate penalties should be imposed by Member States in the event of failure to comply with the information and consultation requirements provided by this directive; has adopted this Directive."⁴⁵

Although European Commission directives cannot be enforced, they express the desire of the Commission, and having been adopted by the Member States the power to

enforce them is left to the individual Member States.

Both the 1983 Council Directive and the 1982 amended Fifth Directive, form a step forward towards employee participation on the supervisory board of European companies. The adoption of the Fifth Directive by the Member States will legally bind all enterprises within the Community boundaries to establish workers' participation within the undertaking, an act which will undoubtedly amplify in the long run employee influence in decision-making.

Conclusions

On the basis of the preceding analysis, we may conclude that since the early days of the twentieth century, Europe pioneered the field of employee participation in management and that, after World War II the efforts increased in almost every European country, because of the need for concerted efforts to reconstruct their industries. Governments, trade unions, and employers' organisations contributed to the establishment of tripartite bodies and co-operated in the efforts to rebuild their industrial infrastructure.

Trade union attitudes played a key role as they recognized the necessity for close co-operation with government and management in the endeavour to restore industrial production to pre-war levels and even achieve higher rates of productivity, which became a priority for the European economies. Furthermore, the acceptance by both employees and management that their mutual interests coincided in this case (excluding the occasional disagreements) contributed to the acceptance of each other as equal social partners.

There has been some criticism inside the European Community about the proposed adoption of a common participatory system of management, and scepticism concerning the contribution that worker's participation can make to the reduction of conflict and the improvement of productivity performance.

Some trade unions have expressed fears that the institutionalisation of employee participation - decision-making bodies will diminish the influence exerted by unions on the employees participating in such bodies, and consequently limit their effectiveness as representative organisation of workers. On the other hand, some industrial financial and commercial interests are also opposed to high level of participation and are afraid that co-decisions may have adverse effects on the long term viability, primarily of private owned enterprises. Certain employer associations, for instance, may fear that the efficiency and economic strength of their enterprises may be reduced as employee participation would give employee representatives the power to block the implementation of certain important investment decisions.

Nevertheless, there is clearly a trend towards greater employee participation in the decision-making bodies of enterprises, and this cannot be ignored by any interested party.

Firstly, it appears that the introduction of a system of employee participation in the European Community would not adversely affect other forms of participation which already exist in certain Member States. A minimum requirement would ensure employee participation within the Community without affecting the Member States' policies which have more advanced forms of participation. By complementing other available institutions such as collective bargaining, or

representative tripartite institutions, employee participation on company decision working boards may contribute to more effective operations. By increasing the amount and quality of information available, and by improving the education and understanding of those affected, one is likely to have a positive effect on collective bargaining.

Participation in the decision-making body of an enterprise will give employees the opportunity to participate generally in decisions of an economic nature such as programmes of expansion or contraction. Furthermore, through participation, employees are given the opportunity to be involved on a permanent basis in the process of strategic decision making at the highest level of the enterprise. There is a clear distinction here between this form of participation and collective bargaining, the latter being bargaining at arm's length which tends to have more limited preoccupations and perspectives.

There is a strong argument that employee participation at the board level will have adverse effects on industrial efficiency, and thus companies will have less ability to attract investment. It is argued that such a representation will concentrate more on securing jobs and existing structures, rather than improvements in efficiency which can attract investment. However, if one takes a look at the existing situation in different Member States and compares their general economic situation, it could not be concluded

that there is low efficiency, inadequate investment and limited profits in those countries which have developed fairly advanced forms of employee participation. On the contrary, the situation of low efficiency and inadequate investment prevail in industrial relations systems where there is no employee participation and a high degree of industrial conflict. Therefore, the probability of social confrontation due to the absence of employee participation is higher, and a greater threat to efficiency and investment rather than the existence of a participatory system of management. One, of course, cannot convincingly argue that the introduction of a participatory system in the supervisory bodies of enterprises will instantly solve the problems of industrial conflict and low productivity. The experience gathered by the operation of existing participatory systems in Western Europe suggests that as part of a programme which also includes effective tripartite representative institutions, and promotes the development of collective bargaining, they can make an immense contribution to improve industrial relations by eliminating unnecessary confrontations, and resolving those differences which do occur in a modern industrial society. Systems of employee participation such as the West German (FRG) or the Dutch system, offer a useful basis for Community legislation which seeks to establish common structures towards a more integrated democratic society where employees and managers can influence the decision-making of the industrial and commercial enterprises. In turn, these play a very important role in the economic performance of the Community

and the well-being of its citizens.

Finally, as the record shows, the trade unions continue to play an important role in the economic decision-making at all levels within the European Economic Community.

FOOTNOTES

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