Worker Voice

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Overall, this study generally supports the historical cycle approach to industrial democracy and notes a general wave of interest across all five countries from 1916 to 1922 and later a specific surge of interest in the US during the early 1930s. Labour unrest during and immediately after the First World War and concerns about the economic issues relating to post-war reconstruction fuelled interest. Some promoters of schemes believed that workplace employee representation could be part of an effective response to the threat of Bolshevism following the Russian Revolution. The period during and immediately after the First World War was very rich in experimentation with industrial democracy in the form of ERPs, union-management cooperation, Whitley works committees and German works councils, but all these ideas failed to sustain themselves significantly for the duration of the interwar period as wartime labour unrest subsided and the deterioration of several of the economies studied weakened labour. This was particularly notable in the UK, where government and employer interest in Whitley workplace committees diminished as the post-war boom broke in 1920 and the economy remained sluggish in the 1920s. There was a second wave of interest in ERPs in the US during the early 1930s as the New Deal encouraged labour organisation and employers looked at alternatives to trade unions.

Legislative intervention in the US, where ERPs were viewed as undermining legitimate trade unions, and in Germany, where the Nazis perceived works councils as an obstacle to their seizure of power, saw the banning of two of the ideas of workplace employee representation examined in this book during the 1930s. While the German works councils were re-established in West Germany in 1952, they were not seen as an improvement on the Weimar works councils, particularly from the perspective of the German trade union movement.¹

¹ Weiss and Schmidt, Labour Law and Industrial Relations in Germany, pp. 222–3.
As Poole, Lansbury and Wailes note, though there may be macro conditions that favour industrial democracy, the adoption of employee participation at the level of the firm is subject to organisational choice by actors. It also reflects on the power of these actors and the organisational structures and processes at the level of the firm.\(^2\) Certainly individuals, such as JDR Jr., Sir Alfred Mond, Daniel Willard and Henry Thornton, had the power and influence to ensure that these ideas were adopted and sustained in their organisations. These schemes tended to be found in larger and more complex organisations, such as major railways and ICI, where there was management concern to maintain contact with employees. Even where there was a mandated employee representation scheme, as in Germany, works councils were less likely to be found in smaller workplaces. The climate of labour relations was also important, particularly if management saw organised labour as a threat, as in the case of CF&I or EZ, or as a valuable ally in ensuring industrial peace or improving industrial efficiency, as in the case of B&O and CNR.

This comparative historical study has a number of implications for current debates concerning the revival of ERPs in the US. Industrial relations scholars, such as Kaufman, have focused on the North American experience with ERPs to provide lessons for today, but have overlooked the parallel experiences with Whitley works committees in the UK and German works councils in the interwar period. For scholars to resurrect the idea of ERPs is a problem for those industrial relations reformers who wish to give workers a voice in the workplace. While some employers may have seen ERPs as a way of improving communications with employees, increasing productivity and heightening worker commitment to the firm, CF&I and other firms saw the plans as a union substitute and the NLRA outlawed them on these grounds. While it is recognised that there may be circumstances in which workers prefer not to have union coverage, any NUER scheme built around the historical example of the ERP should be introduced on the basis of a clear choice by workers in a ballot and should also recognise freedom of association without employer interference.

Where ERPs operated successfully, they provided an opportunity for workers through their representatives to discuss workplace concerns and raise grievances. Workers were able to make improvements in working conditions through ERPs at places such as Pueblo, Colorado and Sydney, Nova Scotia. However, it should be recognised that schemes like those at Pueblo and Sydney were introduced following the defeat of unions in major industrial disputes and workers believed that there was no viable

\(^2\) Poole, Lansbury and Wailes, “Participation and Industrial Democracy Revisited”, pp. 25–6.
alternative and they had no choice but to participate in the ERPs. Workers also recognised that while some ERPs allowed for the external arbitration of disputes, management held the right of veto over decisions and set the boundaries as to what could be on the agenda, particularly if it affected managerial prerogatives.

While unions opposed ERPs, they recognised that they could be platforms for organising, that an ERP could be replaced by a local union branch. The evidence suggests that using ERPs as a vehicle for organising is very difficult, except in particular circumstances. The union requires both a well-resourced organising campaign and a favourable political and legal climate. Steelworkers in the US and Canada in the late 1930s successfully used the plans as a springboard for unionisation.

Unlike ERPs, the German works councils and the Whitley works committees were adjuncts to established systems of industrial relations and not able to deal with issues that were negotiated in collective bargaining. But this did not mean that these forms of workplace employee representation could not be effective where they existed. The German works council’s role in protecting workers against unfair dismissal was extremely effective and encouraged German workers to support the retention of works councils. While the range of issues raised at the Orb Works Whitley works committee in the UK narrowed over time, it played an important role for workers in raising workplace health and safety issues.

The experiences of the Whitley works committees and the German works councils support the argument that is possible for unions to coexist and thrive alongside non-union forms of employee representation. While critics of these schemes, such as the AFL, argued that employers’ funding of employee representation schemes compromised the latter’s integrity and threatened union representation by creating a parallel organisation to trade unions, this was not necessarily the case with Whitley works committees or the German works councils. Where these schemes were voluntary, unions may have seen little need for them when there was a strongly established system of collective bargaining and management recognition of unions. When the schemes, however, were based on a legislative framework which recognised unions and provided non-union employee representation with a meaningful role, as was the case with the German works councils and their role in dismissals, unions generally appeared willing to live alongside these forms of employee representation.

There is also another important message for unions where non-union forms of employee representation existed. The fears that NUER could be captured by workers hostile to unions or manipulated by employers with an anti-union agenda could be realised if unions did not play an active role in ensuring that union candidates contest elections and win positions on these bodies.
The support of the British railway unions and German unions for their respective forms of NUER was built on them taking an active role in these bodies and ensuring through participation in the election of representatives that they did not undermine their interests. The ADGB in Germany went even further through the provision of education programmes to ensure that workers representatives were able to represent their constituents’ interests to managers and the Supervisory Board.

Union-management cooperation, a form of union workplace employee representation, had its own limitations. This top-down approach, while attracting a large number of valuable employee suggestions for both the B&O and the CNR management, generally denied rank-and-file employees in workplaces the right to elect their representatives directly. This lack of trust among union officials of workers and their concerns about the possible creation of ERPs weakened this approach to employee voice. There was also the problem that union-management cooperation encouraged workers to promote the firms that participated in it. However, union promotion of organised firms that adopted union-management cooperation could weaken competitors that also had union shops but refused to adopt union-management cooperation. Further, unions’ use of political pressure to win contracts for firms that adopted union-management cooperation could also undermine competitive tendering processes and bring the unions into disrepute.

There were also internal divisions within management ranks over these schemes, which could be perceived by supervisors as a threat to their authority and status. As in the case of EZ in Australia, management had to reassure supervisors that workers would bring grievances to them before they went to the Works Committee. At CF&I, JDR Jr. found it necessary to intervene on a number of occasions when management acted contrary to the principles of the Rockefeller Plan and even attempted to destroy it. As CF&I’s Pueblo plant highlights, varying attitudes to employee representation among departmental managers can mean that employee representation varies in its impact across the same workplace. Even under union-management cooperation there were examples of supervisors victimising union representatives and refusing to bring agenda items to meetings.

A major problem for workers dealing with management was a lack of trust, particularly with regard to providing full information about the enterprise’s economic performance. Burton argued that this was an important explanation for why ERPs failed to improve efficiency, output or employee morale.3 There is evidence at CF&I that management even exaggerated the outcomes of the Rockefeller Plan in terms of suggestions approved, to provide a positive spin on its ERP. Even where there were legislative

3 Burton, Employee Representation, p. 262.
requirements for management to disclose information to works councillors, as in Germany, some managers presented oral reports in the hope that works councillors would forget the details. Some German managers also constructed balance sheets that omitted important facts and adopted a pessimistic view of the company’s financial fortunes to stop workers making claims for improvements. While the German works legislation implied a community of interest between management and labour in reorganising production and promoting efficiency, German management was generally reluctant to provide works councils the information necessary for this to occur.

The book has also explored the issue of the transferability of ideas concerning workplace employee representation. During the interwar period, there was a great deal of interest in these ideas in all five countries examined. While the US was a particular focus of overseas manager interest during the 1920s, and US firms received numerous delegations and visits from overseas managers interested in ideas such as personnel management, scientific management and mass production, the American ideas of employee representation had a limited impact on Australia, Germany and the UK, which all had stronger labour movements and more developed systems of industrial relations in terms of collective bargaining and industrial regulation. The scale of industry tended to be larger and more concentrated in the US, and Australia had the least developed industrial environment in terms of scale of industry and the development of a management ethos. The US experience had a greater impact on Canada due to the economic links between the two and the coverage of US-based international unions. There was an awareness of Whitleyism outside the UK, and the idea had some influence in US, particularly in terms of the development of union-management cooperation. Whitleyism also had some influence in Australia, where George Beeby, Minister for Labour and Industry in NSW, tried to provide a favourable legal environment for Whitleyism through amendments to state industrial arbitration legislation, and in Canada, as in seen in the findings of the Mathers Royal Commission. German works councils had their biggest impact in the UK, where the Liberal Party adopted this form of workplace employee representation as part of its employment policy.

What are the overall implications for the current debate concerning employee representation? Any proposal should recognise employee choice in terms of whether they wish to participate in these schemes and freedom of association. A legislative framework, built on the recognition of freedom of association, provides greater legitimacy for these schemes in the eyes of labour, particularly compared to schemes introduced by employers without consultation with employees or organised labour. Without a legislative framework, the survival of any employer-initiated programme will depend
upon the firm’s economic performance and the fate of its management backers. Workers and their unions have to be convinced that the scheme is going to be a permanent forum with meaningful powers, such as the oversight by the Weimar German works councils over dismissals, where issues can be discussed without victimisation. As the German interwar experience also highlights, meaningful forms of employee workplace representation built upon democratic practices can go beyond industrial relations and reinforce democratic practices in broader society. As noted previously, it is possible to reverse Robin Archer’s argument that the basic ethical commitments that lead to political democracy should also promote economic democracy.\(^4\) The ethical commitments that underlie economic democracy can promote and reinforce political democracy. The democratic principles that underlay the German works councils became a barrier for the totalitarian forces in Germany that were attempting destroy an independent trade union movement and liberal democracy in 1933. Similar arguments about encouraging direct forms of economic and industrial democracy outside traditional forms of representative democracy to frustrate authoritarianism can also be found in the literature on cooperatives.\(^5\)
