Worker Voice

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Against the context for the period 1914–39 provided by the previous chapter, this chapter explores in depth the four major concepts of workplace employee representation examined in the book. They are ERPs, Whitley works committees in the UK, German works councils and union-management cooperation committees. Both ERPs and union-management cooperation were developed in the US. Whitleyism was an influence on union-management cooperation, while union-management cooperation can also be seen as an AFL response to ERPs. This chapter analyses the origins of each of these ideas and the principles underlying them in terms of their structure, power, legal status, relationship to management and their impact on trade unionism. The chapter examines some of the reactions to these ideas, both critical and supportive. It will conclude by comparing the ideas according to a number of dimensions including the relationship to unions. Later chapters focus on the impact of these ideas in the US, the UK, Germany, Canada and Australia.

Employee Representation Plans
There had been interest in the idea of ERPs in the US from at least the 1870s. Stratton & Storm, the largest manufacturer of cigars in the US by 1883, had established a board of arbitration in 1879, which comprised four elected delegates of workers, four management representatives appointed by management and a neutral selected from another branch of the company, to adjudicate matters relating to wages or working conditions that were disputed. While founder George Storm did not oppose his workers belonging to unions, he believed that unions were irrelevant to the company.¹ The Storm

¹ Raymond Hogler and Guillermo Greiner, Employee Participation and Labor Law in the American Workplace, Quorum Books, New York, 1992, pp. 13–15; Bruce Kaufman,
scheme was predicated on “political equality as a justification for enfranchisement in the workplace; it assumed a common interest between workers and employers, and it was designed to reduce the level of adversarialism within the firm.”

Another notable early example of an ERP can be found in Filene’s Sons, a retail clothing business in Boston. William Filene organised the Filene Cooperative Association in 1898, which had a delegated authority over certain welfare programmes such as the lunchroom and entertainment funds. The Filenes were motivated by business, humanitarian and paternalistic concerns, and were particularly aware of public perceptions of their employment of young women in sales positions. They had one of the most extensive welfare programmes in the US and were among the earliest to appoint a welfare manager. Eventually the Filenes established a representative structure known as the Cooperative Association Council, with the welfare manager as executive secretary and accountable to the Council, and an Arbitration Board resolved to settle disputes between employees and management. The Council could initiate new store rules or amend existing ones relating to discipline and working conditions, with the exception of the “policies of business.” It did not need an outright majority, but two-thirds of the vote of its entire membership or a five-sixths vote of the Council itself. Management also held right of veto over any Council decision, but this could be overturned by a series of mass meetings of Association members followed by a two-thirds vote of all Association members. The company did not oppose employees being union members and they could also be members of the Association, but during the early 1920s union members were briefly discriminated against in areas such as bonuses and holidays.

While the Filene example highlights the link between more enlightened approaches to labour management and an ERP, C.W. Post’s National Trades and Worker Association (NTWA), formed in 1910, highlights the possibility of an ERP as an alternative to AFL trade unionism. Post was a cereal manufacturer based in Battle Creek, Michigan, a leading figure in the NAM and an outspoken national supporter of the anti-union open shop.


2 Hogler and Greiner, Employee Participation, p. 15.

The NTWA was a “good union” with potential to become a national labour organisation that rejected strikes and picketing and relied on mediation and appeals to public opinion. Post burdened the union, however, with the management of an expensive and derelict health resort and it soon become moribund. As Nelson notes, “Unlike the Filene executives, Post and his allies viewed the company union narrowly, as a representation and bargaining entity of modest scope and a bulwark against outside organizers.”

The firm that attracted most attention for developing an ERP, because of its size and association with the Rockefeller family, was CF&I. The company was formed in 1892 following a merger between the Colorado Fuel Company and the Colorado Coal and Iron Company. Its interests included coal mines and the steelworks at Pueblo, Colorado. Generally, management did not recognise unions or engage in collective bargaining at the Pueblo steelworks. Unions found it difficult to organise the Pueblo plant because CF&I discharged or blacklisted union activists. Some workers were union members and the International Moulder’s Union, which claimed a majority of members in the steelworks foundry, was able to gain increases in wages in 1910 following discussions with the general manager. CF&I had extensive welfare programmes well before the adoption of its ERP in 1915. There was a hospital for the Colorado Coal and Iron Company’s employees in Pueblo from 1881. CF&I formed a Sociological Department in July 1901, which provided educational facilities, recreational halls and reading rooms for workers and their families. From 1901 to 1904 the Sociological Department published *Camp and Plant* to encourage an *esprit de corps* among employees by providing information about the company and encouraging contributions from readers. By July 1915, the average number of employees working every day at the steelworks was 2,793 and 3,999 in the coal mines. The Pueblo

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steelworks was virtually the only steel plant in the Western US until the Second World War and workers had “no chance of finding another job in steelmaking anywhere near Pueblo.”

The Rockefeller family’s involvement in CF&I began in November 1902, when John D. Rockefeller Sr. paid $6 million for 40 per cent of its shares and 43 per cent of its bonds at the urging of George Jay Gould. Gould hoped that his railways might receive lucrative coal-carrying contracts from CF&I. Rockefeller had become one of the richest men in the world through Standard Oil and the Rockefeller family was flush with funds from the recent sale of its Mensabi iron ore mines in Minnesota to US Steel. Rockefeller’s only son, JDR Jr., who was guided by the “Christian tenets of duty, industry, honesty and humility,” became a director of the company as part of the takeover. Since his graduation from Brown University in 1897, JDR Jr. had assisted Frederick T. Gates, his father’s advisor on business and philanthropic matters. JDR Jr. served as a director of CF&I until 1905 and again from 1909 to 1920. He gradually took over his father’s duties and Rockefeller Sr. withdrew from participation in all business activities in 1911. The Rockefeller family gained control of CF&I in 1907, when Gould was forced to sell his securities as a result of a panic in the financial market. When the firm was reorganised as the Colorado Fuel and Iron Corporation in 1936, Rockefeller interests controlled 50.4 per cent of the common stock. Despite this, JDR Jr. had “largely lost touch” with CF&I by 1933 as he had few personal ties with the company’s officers. He was based in New York, and the CF&I management was located in Denver. CF&I was also on an “economic rollercoaster” with slow growth and disappointing profits. JDR Jr. had considered selling his interests as early as 1933. The Rockefeller family eventually sold their controlling interests in the company in December 1944.

CF&I established the “Rockefeller Plan” in the wake of the Ludlow massacre. There was public outrage against CF&I and the Rockefeller family, which had the largest shareholdings in the company. There were protests outside the Rockefeller family home and New York offices. The United States Commission on Industrial Relations, which had been appointed by President Wilson to look at industrial unrest and improve labour-management relations, placed JDR Jr. and CF&I management under public scrutiny following the massacre. Senator Thomas P. Walsh, chair of the Commission, challenged Rockefeller Jr.’s claims that as a CF&I director he did not influence its

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7 Rees, *Representation and Rebellion*, p. 137.
policies. It was possible that the Wilson federal administration would intervene and establish grievance procedures to settle disputes. If the local committees chosen by miners could not settle grievances, then they would be referred to an arbitration board selected by the President. JDR Jr. recruited Mackenzie King, the former Canadian Minister for Labour and drafter of the IDIA, to help him frame the plan, and Ivy Lee, a founder of modern public relations, to assist with publicity. While JDR Jr. and Mackenzie King did not publicly condemn trade unions, the Rockefeller Plan was a substitution for collective bargaining with the UMWA. The idea had also been previously considered within CF&I. In 1911, F.E. Parks, the assistant manager at the Pueblo steelworks, had proposed a system of joint committees at the plant to instil in workers a “feeling of loyalty” to management. When the UMWA was defeated in the strike, the miners gave their support to the plan in a secret ballot, where 84 per cent of the 2,846 votes endorsed the scheme. JDR Jr. successfully moved the adoption of the plan at a meeting of the board of CF&I directors on 4 October 1915.9

One significant management casualty of the Rockefeller Plan was Lamont M. Bowers, the chair of the CF&I board of directors. Gates had originally brought Bowers, his uncle by marriage, to CF&I in 1907 to be “the man on the inside” and undermine the position of CF&I President Jesse Floyd Welborn, who had joined the Colorado Fuel Company as a clerk in 1890. While a popular appointment within CF&I, Gates saw Welborn as a George Jay Gould appointment and had little confidence in him. Bowers became the chair of the board in less than a year and made it clear that he alone represented the Rockefeller interests and his power was absolute. Welborn, technically Bowers’s superior, accepted this with misgivings. While Bowers brought about improvements in CF&I’s financial position,10 he opposed


the ERP on the grounds that accepting it would be an admission that his previous policies had failed. Bowers also claimed during the strike that the UMWA would hail any plan as a victory for union recognition and the “open shop would be shut.” McKenzie King saw Bowers as the “reactionary of reactionaries,” who exercised a “harmful” influence in CF&I. JDR Jnr. removed Bowers. Welborn, who had only expressed moderate concerns about the plan, reasserted his authority and remained President of CF&I until January 1929.

CF&I reorganised its welfare activities and extended its ERP from its coal mines to its Pueblo steelworks. CF&I abolished the Sociological Department in 1915 with the introduction of the Rockefeller Plan and handed over its activities to the industrial department of the Young Men’s Christian Association (YMCA). Following the introduction of the Rockefeller Plan, CF&I management published or sponsored several publications that highlighted the extensive welfare plans and the ERP. JDR Jr. encouraged CF&I management to implement the ERP at the steelworks. He persuaded CF&I management to adopt his ideas, including the internal appointment of a CF&I President’s Industrial Representative to oversee the ERP and mediate grievances. Labour unions were not seeking recognition at Pueblo and the steelworks employees made no demands for the adoption of the ERP, but voted for it by 2,321 to 863 in May 1916. Warren Densmore, a leading activist in the ERP at Pueblo, later noted that the employees accepted the ERP “because they felt conditions were so bad that any alternative was worth a trial.”

The Rockefeller Plan for the coal miners involved workers from a particular camp being organised into four districts. The workers elected representatives to their district conference, where they met with senior representatives of the company at least three times a year. The district conferences elected

collection, Department of Special Collections, Glenn G. Bartle Library, State University of New York, Binghamton (hereafter LMB GGB); Scamehorn, Mill & Mine, pp. 29–32.
joint committees on employment issues, which consisted of three representatives of the employees and three of the company. The joint committee on industrial cooperation and conciliation dealt with issues such as wages and conditions. There were also joint committees on safety and accidents, sanitation, health and housing. Workers could appeal to various levels of company management and there was even provision for appeal to an external court, the Colorado State Industrial Commission, which was established by the Colorado Legislature in 1915 for the purpose of adjudicating industrial disputes and administering workers’ compensation if mediation failed. The company paid for all costs associated with the plan, including reimbursement for employee representatives’ loss of work time. While there was no place for unions in it, the original Rockefeller Plan prohibited discrimination against employees on the grounds of union membership.\(^{16}\)

Under the original ERP, the Pueblo steel plant was divided into nine divisions and a number of subdivisions based on occupation or geographical location in the plant. Each division was allowed one representative for every 150 employees, or a minimum of two. Employees needed three months’ service at CF&I before they could vote. The election was by secret ballot and the company provided the ballot boxes and papers. There was no specific place for the holding of the elections and the tellers, one appointed by management, the other by the representatives, carried the ballot boxes round to workers on the job. The representatives held office for one year and could call meetings of employees in their division to discuss grievances, provided it did not interfere with the work. Employees could raise grievances either individually or through their representative to their supervisor or the superintendent in the first instance and then to the CF&I President’s Industrial Representative. All the representatives held joint conferences with management representatives, three weeks after the annual election of representatives and thereafter at intervals of not more than four months, and served on four specialist joint committees as in the case of the ERP for CF&I coal mines, but with six employee representatives and six management representatives.\(^{17}\)

membership, the Rockefellers reinforced the long-standing hostility of CF&I management towards trade unions. Rockefeller Sr. saw unions as “frauds” and believed they stood for doing as little work as possible for the maximum pay.\textsuperscript{18} While Rees emphasises that the introduction of the ERP in the steelworks was motivated by JDR Jr.’s interest in “promoting labor peace” rather than posing an immediate threat of union organisation, the ERP was an extension of CF&I’s policy of anti-unionism in the Pueblo steelworks.\textsuperscript{19} While JDR Jnr. was careful not to condemn unions outright, he expressed concern that some “organisations of Labor are conducted without just regard for the rights of employer or of the public” and “cannot be too strongly condemned or too vigorously dealt with.”\textsuperscript{20} An ERP like his was a “good” form of labour organisation that recognised the common interests of capital and labour. Kaufman and Chernow argue that the experience of the Ludlow massacre and its aftermath led JDR Jr. to recognise the right of workers to unionise. However, as will be seen in the next chapter, his actions during the 1919 steel strike at Pueblo steelworks contradicted his public approval of unions.\textsuperscript{21}

The supporters of ERPs claimed that they were more effective than trade unions in raising employee grievances and contributing to firm productivity. The plans countered the growing gap between senior management and workers in large-scale enterprises. They provided a communication link through which workers could bring minor grievances to management’s attention and management could make workers realise that improved working standards depended upon reducing overheads and increasing efficiency. Trade unions, unlike employers and employees, were “outside organizations” that were antagonistic to the firm and whose primary interest was not the good of the company.\textsuperscript{22} Since the membership of an ERP or company union was limited to a specific firm, one contemporary commentator noted that employees “develop an interest in and a loyalty to that organization which tend to increased efficiency.”\textsuperscript{23}

\textsuperscript{18} Chernow, \textit{Titan}, p. 574.
\textsuperscript{19} Rees, \textit{Representation and Rebellion}, p. 106.
Critics of ERPs argued that they did not provide an independent voice for workers as employers established and managed them. Samuel Gompers, the AFL President, criticised the Rockefeller Plan in June 1916 for being “an industrial subterfuge” that provided “a substitute for trade unions,” which prevented “the formation of bona fide unions that develop democracy and a spirit of liberty among men.” The company generally had the right of veto over shop floor initiatives in ERPs. Workers and their representatives were unwilling to raise grievances as they could lose their jobs. The ERPs also generally dealt with minor matters and did not negotiate the general wage scale for the company or the plant. Without trade unions, workers were deprived of expert outside advice in putting their case and conducting their negotiations. Management funding compromised the integrity of these schemes and threatened union representation. Workers could not call upon outside help if employers decided to reduce wages and change working conditions. As the ERP only covered a particular plant or company, workers’ knowledge of outside wages and conditions were limited. While Kaufman has recently claimed that critics of ERPs such as William Leiserson reassessed in the 1920s, in May 1928 Leiserson still saw trade unions as superior to ERPs and recognised that the latter were “under the dominance” of management.

Whitley Works Committees

While US employers initiated ERPs, the British government played a crucial role in initiating Whitley works committees, which were developed during the First World War against a background of industrial unrest. Union officials cooperated with the government in pursuing the war effort, which extended the collective bargaining rights of unions. But there were growing tensions between union officials and rank-and-file members, particularly in the munitions industries, over issues such as dilution or deskilling, which allowed workers to bypass the usual requirements for training to undertake war work and minimised skill shortages. Dilution played an important role in allowing the employment of women in the munitions industry. Workplace shop stewards became prominent in leading resistance to dilution and

began cooperating across trades and unions in shop committees to represent rank-and-file workers. City-wide committees were formed to represent workers' interests, most notably the Clyde Workers' Committee in Glasgow, which led strikes for wage increases and against dilution agreements approved by union officials and the government. The government responded to the Clyde Workers' Committee's resistance to dilution by appointing dilution commissioners to work with moderate local union officials and form joint committees to oversee workshop changes, while repressing left-wing newspapers and arresting and deporting radical leaders from Glasgow. Employers had concerns about radical workers gaining representation on joint committees relating to munitions production. They opposed suggestions to put employee representatives on the boards of the national shell factories and were successful in having joint Local Armaments Committees abolished. Outside munitions production, there were Miners' Reform Committees on the Scottish and South Wales coalfields and unofficial vigilance committees on the railways. There was also growing demand among unions, in particular the National Union of Railwaymen (NUR), for the nationalisation of key industries such as railways and coal mining under workers control.

Employers were already showing some interest in setting up joint committees at the factory level to discuss issues of mutual interest and minimise industrial conflict in a period of labour shortages. Hans Renold Limited, an engineering firm in Burnage, Manchester, decided in 1916 that, what with the growth of the firm and the uncertainty of wartime conditions, it needed better communication with staff to avoid a general breakdown in morale. Against the background of the Ministry for Munitions encouraging joint employee/employer Accident Prevention Committees, management moved to form a joint welfare committee from their nominees to consider questions relating to workplace conditions and make suggestions for improvements. But the initiative was challenged when Amalgamated Society of Engineers (ASE) shop stewards announced that they had formed a shop committee. Management decided to recognise the shop stewards' committee, which was drawn from a key group of skilled workers and had the support of other workers in the factory, but persisted with the welfare

committee as a means of joint consultation on matters of common concern to workers and management. The shop stewards’ committee, a committee of workers only, became the negotiating committee for trade unions and held a joint meeting with management every four weeks.28

In the context of these developments, a general view was developing that the war offered a chance for the reconstruction of post-War British society built on wartime cooperation and the “comradeship of the trenches.” In March 1916 Prime Minister Herbert Asquith established a small Cabinet subcommittee on reconstruction problems. His successor Lloyd George replaced the subcommittee in March 1917 with a Reconstruction Committee of Cabinet Ministers, which Lloyd George himself chaired. This in turn became a fully-fledged Ministry of Reconstruction in August 1917. Issues of concern for reconstruction included trade, the demobilisation of the armed forces and the removal of government regulation from industry. Those calling for a reconstruction policy also considered the future of industrial relations as one of its objects.29

The Whitley Committee on Relations between Employers and the Employed, appointed in October 1916, was a subcommittee of Asquith’s subcommittee on reconstruction. John Henry Whitley, a prominent Liberal MP and Chair of the Ways and Means Committee, presided over the Committee. He had managed the family firm of cotton spinners S. Whitley & Co. in Halifax, Yorkshire. He was a fervent Congregationalist and widely respected for his impartiality and high principles. While he was not a social reformer, he was an advocate of co-partnership as a way of sharing responsibility with employees. Although neither the TUC nor the FBI had direct representation, there was a balance on the Committee between employers or their representatives and union members or their spokespersons. Its members included Allan Smith, Chair of the Engineering Employers’ Federation; Robert Smillie, President of the Miners’ Federation of Great Britain (MFGB); Susan Lawrence, Fabian and social reformer; and Sydney Chapman, Professor of Political Economy at the University of Manchester. The Committee did not call witnesses and did not keep records of its meetings.30

29 Charles, The Development of Industrial Relations, p. 82; Stitt, Joint Industrial Councils, pp. 47–8.
The Committee issued five reports during 1917 and 1918, of which the first, which is usually thought of as the Whitley Report, and the third, which looked at workplace joint committees, are the most significant for the purposes of this book. In its first report, which was signed off in March 1917 and published in June 1917, the Committee discussed industries where labour was well organised and proposed Joint Industrial Councils (JIC) composed of employer and employee representatives. Similar committees at local and workshop level would supplement JIC activities. The JIC could deal with or allocate to ancillary committees questions such as methods of fixing and adjusting earnings, technical education and training, and proposed legislation affecting industry. The Councils would also go beyond collective bargaining in that by “the better utilisation of the practical knowledge and experience of the workpeople” they would bring about the improvement in productivity necessary for Britain to trade in the post-war world. The report’s recommendations were within the voluntarist traditions of British industrial relations, as employers and unions were under no obligation to do anything if they saw no need for JIC. The government would act in an advisory role in the setting up of JIC if the parties desired and provide relevant information on industrial issues. The only exception to this was the railways, which will be examined in Chapter 5. Where there was no adequate organisation of employers and employees, trade boards would continue or be established to provide statutory regulation and develop industrial organisation to the point where a JIC would be able to replace the boards. In contrast to ERPs, Fox argues, Whitleyism “rested on the full recognition of the unions at all levels.”

The report on works committees was a supplementary report signed off by the committee in October 1917. It emphasised that the works committees were an essential element of Whitleyism and that better relations between employers and employees could only be obtained if workers had a greater say in the matters with which they were concerned. While the works committees could not alter matters in the collective agreement, they could bring grievances before local management and make suggestions concerning improvements in working conditions and production methods that would improve workplace efficiency. The Committee did not set out any particular form of constitution for these works committees, beyond recommending


32 Fox, History and Heritage, p. 294.
that they meet on a regular basis, not less frequently than once a fortnight, and emphasising “constructive cooperation.” Given the potential benefits of the works committee for “commercial and scientific efficiency,” it was recommended that a management representative in the workplace should devote a “substantial” amount of “time and thought” to the working and success of the committee. There was concern that the success of works committees would be undermined if there was any perception among workers that employers might use them as a substitute for trade unions. Trade unions and employers’ associations had to cooperate in the setting up of works committees. The report recommended against setting up works committees in industries in which workers were not organised or only partially organised into trade unions, as there was a danger that employers might use works committees as an anti-union strategy.33 As the report noted, “these committees should not, in constitution or methods of working, discourage Trade organisations.”34 While the works committees were not designed to undermine trade unions, they were a challenge to the shop committee movement and a “strategy to bypass shop steward authority.”35

The War Cabinet gave support in principle to the Whitley Report on 9 October 1917 after obtaining responses from 103 trade unions and employers’ organisations, including the FBI, which indicated that none opposed the report’s principles. Some employers did have doubts, however, about the advisability of the works committees on the grounds of interference with managerial prerogative, believing that this would hamper efforts to improve workplace efficiency. Employers in staple industries such as cotton argued that Whitleyism was not applicable to them as they had developed their own industrial relations processes, but did not oppose the creation of JIC elsewhere.36 The recognition of trade unionism was not an issue as “the war had already made this a foregone conclusion in most British industries.”37 While the TUC did not provide a response to the Cabinet request for an opinion, the TUC Parliamentary Committee gave qualified approval to the report in April 1918, recognising the need to avoid “serious industrial strife” in the post-war reconstruction period. The Committee was concerned that

34 Great Britain, Supplementary Report on Works Committees, p. 3.
the works committees would have “too much power,” calling upon them not to interfere with general wages and conditions, which were the concern of “responsible and experienced” union officials, and rejected any form of joint negotiations that could develop into a substitute for trade unions, particularly in industries that were only partially organised. The TUC Congress of September 1918 passed a resolution by 2,374,000 votes to 758,000 calling upon the government to apply the principles of the Whitley reports to all departments of “State Service.”

There were divisions within the TUC that muted full endorsement by the union movement. While unions covering skilled trades with a strong shop steward organisation and collective bargaining processes, such as the ASE, saw little need for Whitleyism, less organised workers in unskilled or semi-skilled occupations such as shop assistants believed that Whitleyism could enhance their bargaining position. While the NUR executive initially supported the Whitley principles in July 1917 as they were broadly in line with union policy, it concluded at its AGM in June 1918, following the release of the Final Report, that the Whitley Scheme did not “sufficiently safeguard the interests of Labour.” This union was calling for a broader agenda of worker control that included equal representation in the management of the railway companies and their nationalisation.

Beyond the employers and unions, there were supporters and critics of Whitleyism. The Industrial Reconstruction Council, which had an executive committee that included Labour MP Ben Tillet, publisher Ernest Benn and Conservative MP Sir Herbert Nield, and was primarily funded by industrialists, advocated Whitleyism as going “a long way to reconcile the divergent interests of Labour and Capital” and offered to assist the formation of JIC by providing speakers for crucial early meetings of unions and employers. Sir William Ashley, Dean of the Faculty of Commerce

at the University of Birmingham, argued that Whitleyism would bring a “democratic spirit” into the workplace and give workers a feeling that they had a voice in determining their working conditions. This could assist improvements in the organisation of production through techniques such as scientific management and employee welfarism. Unless workers were consulted on these issues, there would be suspicion that improvements would be a matter of “speeding up” and undermining workers’ conditions. At the request of the Ministry of Labour, Ashley took an active role in convening meetings of employers and unions in the Birmingham District in January 1918 to consider the application of Whitley committees to their industries. 41

Guild socialists, including economist and historian George Douglas Howard Cole, who did not seek a permanent improvement in relations between capital and labour and advocated the abolition of the wage system and of capital, were particularly concerned with the impact of Whitley works committees on union organisation, noting that they provided for “the representation of non-unionists on an equal basis with unionists.” 42 One of their fundamental criticisms of Whitleyism making works committees “mere adjuncts” to national JIC was “that it begins at the top with an endeavour to secure the discussion and settlement of questions on a national scale, instead of beginning at the bottom in the workshop and building up therefrom on a democratic basis.” 43 They produced several pamphlets for the trade union movement warning against accepting Whitleyism. 44

The German Works Councils
As in the UK with Whitley works committees, the German state played a crucial role in the introduction of works councils, which was mandated by legislation. The idea of works councils predates the Weimar Republic and can be traced back to the revolution of 1848 when the Industrial Commission of the revolutionary National Assembly in Frankfurt called for the establishment of factory committees consisting of elected employee representatives and the factory owner, which would issue works rules to


govern discipline in the factory. While the idea did not survive the revolution, it became an element of German labour’s programme for reform.45

There was some related legislative activity in the decades prior to the First World War. The aspirations of labour were partially met in 1891, shortly after the fall of Bismarck, when the German parliament amended the Industrial Code to make the issuing of works rules compulsory for all businesses employing more than 20 workers. Though works committees were provided for in the legislation and were entitled to consult with employers, employers were not obliged to take any notice of works committees’ recommendations. Prussia, the dominant German state, passed legislation to make workers’ committees compulsory in all mining undertakings employing 100 or more workers in 1905.46

Some firms independently developed their own systems of worker representation. Siemens, the electrical engineering company, established a committee of worker representatives to cooperate with the management of pension funds. The company established workers’ committees in 1903 to deal with all issues of interest to workers, including complaints and grievances about wages and conditions. While these committees comprised employee representatives appointed by management and elected by employees, in 1906 the firm stopped selecting worker representatives and allowed employees to elect all their representatives.47

The basis of the 1920 works council legislation lay in the works committees, which were established by the German government during the First World War to mobilise support for the war effort. The 1916 Auxiliary National Service Law provided for the conscription of all men between the ages of 17 and 60 for war service and drastic restrictions on the mobility of workers. Women, who did not yet have right to vote, were not covered by the legislation. While the legislation was draconian for workers, the labour movement obtained a number of major concessions such as gaining an important role in the administration of the legislation and having collective bargaining agreements given force of law in Germany. The legislation established joint committees of management and labour in firms with more than 50 workers, which were to settle disputes over wages and conditions of employment.48

Growing disillusionment with the war, declining real wages and shortages of food and coal also provided the basis for an upsurge in workplace

militancy from 1916 to 1918. German workers engaged in unauthorised strikes, such as that by 55,000 Berlin metalworkers in June 1916 over the radical Karl Liebknecht's imprisonment for treason for a May Day speech. As in the UK, they turned to workplace leaders willing to challenge trade union leaders and the government. City-wide networks of delegates, the Revolutionary Shop Stewards, developed among Berlin and Leipzig metalworkers. The government responded to major industrial unrest, such as that over bread rations in Leipzig and Berlin in April 1917, with military force. This heightened the appeal of the Independent Social Democratic Party (Unabhängige Sozialdemokratische Partei Deutschlands or USPD), which split from the SPD over the issue of war loans and supported worker demands for reform and immediate peace. The USPD encouraged the formation of works councils, which consisted of delegates elected by larger factories in the city and co-opted socialist and union leaders sympathetic to the movement. The councils grew from formal and informal networks of workers at different plants, including the Auxiliary Service Law joint committees. While these councils, unlike the Russian soviets, neither adopted radical goals nor represented revolutionary constituencies, leaders came from radical locals of the Metalworkers' Union (Deutscher Metallarbeiter-Verband or DMV), the Revolutionary Shop Stewards and the USPD. They mobilised radical popular action, most notably when 400,000 Berlin metalworkers struck on 28 January 1918 over a range of demands that included peace without annexation, improved food supplies, the repeal of the Auxiliary Service Law and democratic reforms. Berlin factory workers elected 414 delegates to an action committee, which the government initially refused to negotiate with and then dissolved. The strike spread quickly to other munitions centres and involved over 1 million workers, and was put down with considerable force by the army and police. Approximately 50,000 strikers were subsequently conscripted into the army. While Berlin shop stewards were the leaders of the strike and a special target of state repression, they continued to be active and played an important role in the events of November 1918. Their actions represented a challenge not only to the government and employers, but also to the socialist General Union Confederation or Allgemeiner Deutscher Gewerkschaftsbund (ADGB) and the SPD, which supported the government's wartime labour policy.49

The issue of workplace representation became prominent during the revolution that followed the November 1918 Armistice and led to the

abdication of the Kaiser. The success of the Russian Revolution led those on the far left to see soviats or councils of soldiers, workers and peasants as ways of transferring power from the state to the proletariat. The SPD rejected this approach and preferred a democratic parliamentary system. They gained support in their struggle with the revolutionaries from the military, the civil servants of the former imperial government and employers. Employers had joined with unions on 15 November 1918 to counter radicals through the corporatist Stinnes-Legien Agreement, which recognised unions, endorsed collective bargaining and called for “workmen’s committees” in every workplace of 50 employees or more with responsibility for administering collective bargaining agreements. Similar to Whitleyism, they set up a central Joint Industrial Alliance at the national and industry level to deal with issues of demobilisation, which overturned existing ADGB policy against forming joint organisations with employers. The Provisional Revolutionary Government, which was dominated by the SPD, issued a decree on 23 December 1919, upholding the principles of the Stinnes-Legien agreement, but calling for workers’ committees or councils in all undertakings with 20 or more workers to promote a good understanding between employers and workers. A worker revolt in Berlin in January 1919 was crushed by an alliance between the SPD and the Freikorps, an anti-communist paramilitary force of returned soldiers, resulting in the deaths of the noted revolutionaries Liebknecht and Rosa Luxembourg. A similar alliance ended attempts to form soviet-style republics in Bavaria, producing 557 deaths between April 30 and May 8 1919.\(^5\)

Against this background of upheaval and continued industrial unrest, the movement towards moderate works councils continued. Several German states, including Bavaria, passed works council legislation. Two collective agreements were to have a significant effect on future legislation. An agreement for the Central German coal miners on 12 March 1919 following a strike required employers to provide works councils with all information relating to the management of the enterprise subject to secrecy in regard to confidential information. An arbitral award for the Berlin metalworking industry on 19 April 1919 contained a similar provision but also allowed works councils to scrutinise the recruitment and dismissal of all waged and salaried staff. Union leaders, who saw them as potentially subversive of

authority, endorsed works councils as a basis for “industrial democracy” with management at the ADGB Congress in July 1919 on the understanding that they could only be established in cooperation with trade unions. To weaken the appeal of the revolutionaries, the Weimar Convention adopted Article 165 of the new German constitution on 31 July 1919, which gave workers the right to “cooperate with equal rights in common with employers” for the regulation of wages and working conditions and the development of production through works councils in each enterprise.\(^51\)

The German works councils were introduced by legislation passed by the new Weimar Republic in February 1920 following consultation with unions and employers. The legislation aimed to strengthen the shop floor power of trade unions at the expense of the splinter revolutionary works council movement of communists and independent socialists. The legislation provided for elected works stewards in workplaces with between 5 and 19 regular employees, with a minimum requirement of ten regular employees for agriculture and forestry, and works councils of elected employee representatives in workplaces with 20 or more regular workers. There was a general works council for all employees, and separate councils for manual workers and salaried employees in the same workplace. They were required to cooperate with employers in promoting production efficiency and industrial peace, and to raise worker grievances with management. They could influence the introduction of new methods of work, dismissals, occupational health and safety, and industrial welfare. Workers could appeal to their works council; for example, Section 84 of the legislation provided for appeal if there was suspicion that an employee was dismissed on the basis of gender, political, military, religious or trade union activities.\(^52\) While there was no requirement for eligible voters or employee representatives to be union members, the works councils were viewed as “auxiliary to the trade unions.”\(^53\) In the elections, workers over 18 voted in a direct and secret ballot for one list of candidates; each trade union or group presented a list and the number of seats won was determined by proportional representation.\(^54\)

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\(^{52}\) Moses, *Trade Unionism in Germany*, pp. 467–503.


Works councils were expected to see that any collective agreements entered into with trade unions were observed. Where there was no collective agreement, the works councils were required to consult with trade unions before entering into agreements with employers that involved fixing wages for example. Trade union representatives were allowed to participate but not to vote at works council meetings if a quarter of the representatives requested it. It was believed that union involvement would ensure that works councils did not degenerate into “industrial particularism,” which fostered a corporate spirit that could be “anti-social” by damaging the national economy.55

The Weimar works councils could impact upon corporate governance. They interacted with management on two levels – local management and the Supervisory Board of the company. The executive of the works council were delegated to discuss issues with local management at an alternative meeting. At the Krupp steelworks in Essen, the issues discussed at these meetings ranged from the settlement of a wildcat strike to the firm’s performance in an internationally competitive market.56

In 1922 the government enacted legislation in face of considerable opposition, particularly from the banking sector, to allow the works council representatives on the Supervisory Board. At Siemens, for example, two works councils representatives had the right to attend and vote at all meetings of the Supervisory Board to raise workers’ interests and discuss general management issues. Under the German two-board system of governance, the Supervisory Board was less important than the Executive Committee, which consisted of full-time executives, but it could play an important role in crisis management and selecting managers.57

The counter-revolutionary aspect of the works councils appeased employers, who were concerned that the legislation would weaken Germany’s post-war economic recovery and ability to pay reparations through interfering with workplace managerial prerogatives, such as the dismissal of staff.58

Some employers, such as confectionary and chocolate manufacturers, saw advantages in the legislation as it “soaks away lasting unrest and disputes

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58 Berthelot, Works Councils in Germany, pp. 21–3; Petition to Members of the German National Assembly, 26 Sept. 1919. BB, R/43/1/2064; Leaflet, Erklärung über Betriebsräte vom Hauptausschuss des Deutschen Industrie- und Handelstags abgegeben am 5 Juli 1919. BB, R/3901/3492.
with the workforce.” The Krupp steelworks management had encouraged the election of a workers’ council among its workforce before the legislation as an alternative to the radical soldiers and workers councils.

One concern employers had with the works councils was the legislation’s provision for the disclosure of company information to works councillors. Section 71 of the legislation required the employer to provide the works councils with access to information relating to all the firm’s transactions which “affected the contract of employment or activities of the employees” as well as wage books and balance sheets. Employers were also required to provide the works councils with quarterly reports of the company’s business. Employers saw this as an erosion of their managerial prerogatives and a threat to their commercial secrecy. The German banks were particularly concerned about the impact on the privacy of their clients’ accounts. The SDP appeased employers by inserting a provision that required members of the works councils to preserve the secrecy of confidential matters.

There were mixed reactions to the legislation among workers. Some opposed the “mutilated” works council legislation and the exclusion of some workers, such as agricultural employees, from its provisions. Communists and USPD supporters staged a major protest outside the Reichstag on 13 January 1920, and the police fired on the crowd, killing 45 protesters. The USPD joined with the Conservatives to vote against the legislation. The DMV criticised the legislation as an obstacle to the German social revolution and called for further trade union action to achieve the establishment of revolutionary works councils. While the ADGB had concerns that the works councils would challenge trade union authority, it nevertheless considered them one of the main achievements of the German Revolution. The Christian and Hirsh-Dunker unions were generally more positive about the legislation, viewing works councils as a way to achieve more equitable collaboration with management.

60 H.A. Krupp FAH. Memo from Fried. Krupp Co., Essen, 21 Mar. 1919 (Bestands- und Einzelsignatur, z.B. FAH 3 E 5 oder FAH 21/659), HAK.
61 Berthelot, Works Councils in Germany, p. 22; Bernstein, “The German Works Council,” p. 34; German Cabinet direction for German companies, 20 Jan. 1920. BB, R/43-I/2065.
Union-Management Cooperation

Unlike the three previous forms of workplace employee representation, trade unions were the instigators of union-management cooperation works committees in the US. The AFL faced declining union membership and aggressive anti-union campaigns by employers, which included the establishment of ERPs, following the First World War. Following major strikes in 1919 and 1920 and the whipping up of a “Red Scare,” the AFL wanted to challenge perceptions that it was irresponsible, emphasising that it wanted to increase production through scientific means and cooperation with management. The AFL found an ally in the Taylor Society, which championed scientific management but had shifted towards a view that some form of cooperation between organised labour and management was needed to increase industry efficiency. There were precedents for union-management cooperation in the building and clothing trades. There were also hopes for increased participation in management among railway unions following their experiences with the United States Railroad Administration (USRA), the nationalised US railway system 1917–20, which was sympathetic to unions. Railway labour, like the NUR in the UK, lobbied unsuccessfully for permanent nationalisation of the railways. Their Plumb Plan proposed a board of directors with equal representation from labour management and the public. Advocates of the Plumb Plan, who believed that it could be applied to all industry, drew links to guild socialism. Despite their failure, there was increased interest among union leaders and members in participating in management decisions.

Union-management cooperation was promoted by civil servants such as Otto Beyer in agencies like the military arsenals and the USRA during and immediately after the First World War. Beyer, a mechanical engineer, worked in the iron and steel industry and the railways, and took his first management position in 1913, when he became general foreman of heavy repairs at a locomotive workshop of the Rock Island System Railroad in Horton, Kansas. On the outbreak of the First World War, he entered military service and was assigned to the US Army’s Ordinance Department, where he was commissioned captain in January 1918. He became the director of the Arsenal Orders Branch of the Ordinance Department, and remained...

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in that post until 1919. At the unionised Rock Island Arsenal, Illinois, where his programme originated, he introduced cooperative labour management committees to deal with working conditions, piecework rates and production methods. He intended to improve efficiency by working with unions rather than undermining them, and believed his ideas could be extended to other organised industries such as the railways. By the mid-1920s Beyer was working as an industrial relations consultant and technical advisor for AFL’s Railway Employees Department. He was a member of the Taylor Society and strongly influenced by Whitleyism.\textsuperscript{65}

While the AFL saw Whitleyism as an endorsement of unionism as a cornerstone of industrial relations, it had concerns. Samuel Gompers, AFL President, believed that committees at the workplace level would take action independently of the union, undermine union authority, exacerbate strife with employers and lead to “demoralization.” Any workplace scheme involving union-management cooperation therefore had to be an extension of existing union organisation and not independently elected by employees at the workplace.\textsuperscript{66} Beyer supported Gompers’s view, arguing that if the committees were independent of unions, the scheme would lose its “vital essence” and take on the “anemic complexion” of an ERP.\textsuperscript{67}

The Beyer Plan of union-management cooperation promoted unionism and collective bargaining. On the basis of a collective agreement, union representatives and managers met together on committees to discuss a range of issues that could eliminate waste, improve productivity and enhance safety. Wages and working conditions were left to the regular negotiations between the company and the unions. Under this scheme, management were to accept trade unions as necessary and constructive to the running of their enterprise, while unions agreed to go beyond their traditional concerns with collective bargaining and assist companies in the marketing of their services and the winning of government contracts. The committees also had other


objectives, including the stabilisation of employment and sharing the gains of cooperation. Employees did not generally elect their representatives on these union-management committees directly. Given the AFL's concerns about unofficial rank-and-file action and ERPs, the current union workplace representatives served as the employee representatives on the cooperative committees. The work of the committees was done on company time with no impact on the wages of employee members and management provided the venue for the meetings. Beyond the workshops, there was provision under the Beyer Plan for regular meetings of union representatives and management on a regional- and/or company-wide basis to review the progress of the works committees and discuss issues of importance for the whole railway not covered by collective bargaining. The AFL was reluctant to allow management to pay union representatives' expenses, including time lost, at these regional and company-wide meetings for, as in the ERPs, this would compromise the independence of the representatives, who would lose “full control” of the scheme.

While the Beyer Plan for union-management cooperation stalled during the economic downturn that followed the First World War, Beyer gained the support of William Johnston, the President of the International Association of Machinists (IAM), a strong advocate of industrial democracy and the Plumb Plan, and Daniel Willard, President of the B&O, which had 59,000 employees in March 1921 and extensive employee welfare programmes. It also had precursors to the cooperative committees, which included safety committees, that dated from 1911, cooperative claim prevention committees to reduce loss or damage to freight shipments and open staff meetings. Willard, who had been a railway union member and had worked his way up through the management hierarchy, was sympathetic to unions. With the assistance of Justice Louis Brandeis of the US Supreme Court and Commissioner Mark Potter of the Interstate Commerce Commission, they commenced discussions about the introduction of union-management co-operation on the B&O in April 1922.

While Willard was initially dubious about the proposal, even seeing the proposal initially as an attempt to establish a soviet in the B&O, assured that the unions did not want to challenge managerial authority but to help

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management, he saw the value of allowing workers to suggest improvements that would increase the efficiency of the company. Willard saw particular problems in raising rates due to competition with other railroads such as the Pennsylvania Railroad and believed that the B&O operated at a disadvantage due to the mountainous terrain it covered. As he later noted, the scheme “will eventually bring about economies in operation which ought to be reflected in an enlarged net operating income ...” Following the defeat of the unions in the 1922 national Railway Shopmen’s Strike, which showed Willard in a positive light as he broke from other employers and signed a union contract, the B&O workshop cooperative committees were first introduced at the Glenwood railway workshops in Pittsburgh in February 1923. Willard became an active promoter of union-management cooperation through public addresses and private correspondence.

73 Vrooman, Daniel Willard, pp. 9, 41–51.
The union-management cooperation scheme came under attack from employers and within the labour movement. Noel Sargent, Secretary of the Employment Relations Committee of the NAM, questioned the sincerity of the AFL’s desire to increase efficiency and production output, arguing in 1925 that organised labour disliked scientific management and that it had not rejected restrictive production practices. From the left of the labour movement, groups such as the Communist Trade Union Educational League and the IWW, came accusations that union leaders were involved in class collaboration and the betrayal of workers. There were concerns that the scheme’s preoccupation with efficiency would undermine the bargaining position of skilled workers. Of particular concern was the AFL’s opposition to allowing rank-and-file workers to direct representation through election onto the works committees, which led to complaints that union-management cooperation was a top-down approach imposed on workers.74

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Conclusion

In examining the origins of these various schemes of employee representation, there is support for the argument that employers have adopted a cyclical approach to representation, driven by their perceptions of economic, political and industrial threats to their authority. The Whitley works committees arose against a background of wartime industrial unrest and growth of workplace rank-and-file movements that also challenged unions and the state. Similar wartime pressures arose in Germany with the added prospect of an overthrow of capitalism following the November 1918 Revolution. While the ERPs arose from the particular circumstances of CF&I, the Rockefeller family faced the threat of adverse public relations and federal government intervention in CF&I’s labour relations following the Ludlow Massacre. Union-management cooperation differs from the other schemes in that it was union-initiated, but reflects the crisis the AFL was facing following the First World War in terms of public sympathy and growing employer hostility.

While the ERPs were specifically designed to avoid union representation, works councils and works committees were parallel structures to union organisation, with non-unionists participating in the election process and potentially winning positions on the works councils/committees. The union-management cooperation works committees did not in principle provide for direct elections and were an extension of existing union workplace representation. While the German works councils were required by law, the British government encouraged works committees on a voluntary basis, with the exception of railways. The ERPs were employer initiatives and union-management cooperation committees were union initiatives without state intervention. Employers met the costs of all these schemes in terms of the representatives’ lost wages and the location of the meetings. While employers were represented on Whitley works committees and ERPs, they did not sit on the German works councils. These various dimensions of the concepts are summarised in Table 3.1.

While none of the schemes challenged fundamental managerial prerogatives, the German works councils had access to confidential company information and oversight over management’s policies regarding the termination of employees. They could all assist management in improving workplace efficiency. While those schemes that supplemented union organisation were not allowed to engage in matters covered by collective bargaining between unions and employers, the ERP could in principle cover all issues relating to wages and conditions given the absence of an external collective agreement.
<table>
<thead>
<tr>
<th>Form</th>
<th>Mandated or voluntary</th>
<th>Employer funded</th>
<th>Relationship to unions</th>
<th>Participation of non-unionists</th>
<th>Employer reps.</th>
<th>Direct election</th>
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<td>Avoidance</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Yes</td>
<td>Supplements</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>German works councils 1920 legislation</td>
<td>Mandated</td>
<td>Yes</td>
<td>Supplements</td>
<td>Yes</td>
<td>No</td>
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<td>Yes</td>
<td>Supplements</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
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</table>

*Source: Patmore, “Unionism and Non-Union Employee Representation”, p. 534.*
The next five chapters will examine the extent and impact of these schemes in the US, UK, Germany, Canada and Australia respectively. None of the schemes lived up to the expectations of their promoters; the Wagner Act outlawed ERPs in the US and the Nazis revoked the works council legislation in Germany. Some organisations persisted with some schemes and their variants through the interwar period despite their general demise. There was general interest in looking at all these concepts, irrespective of their national origins.