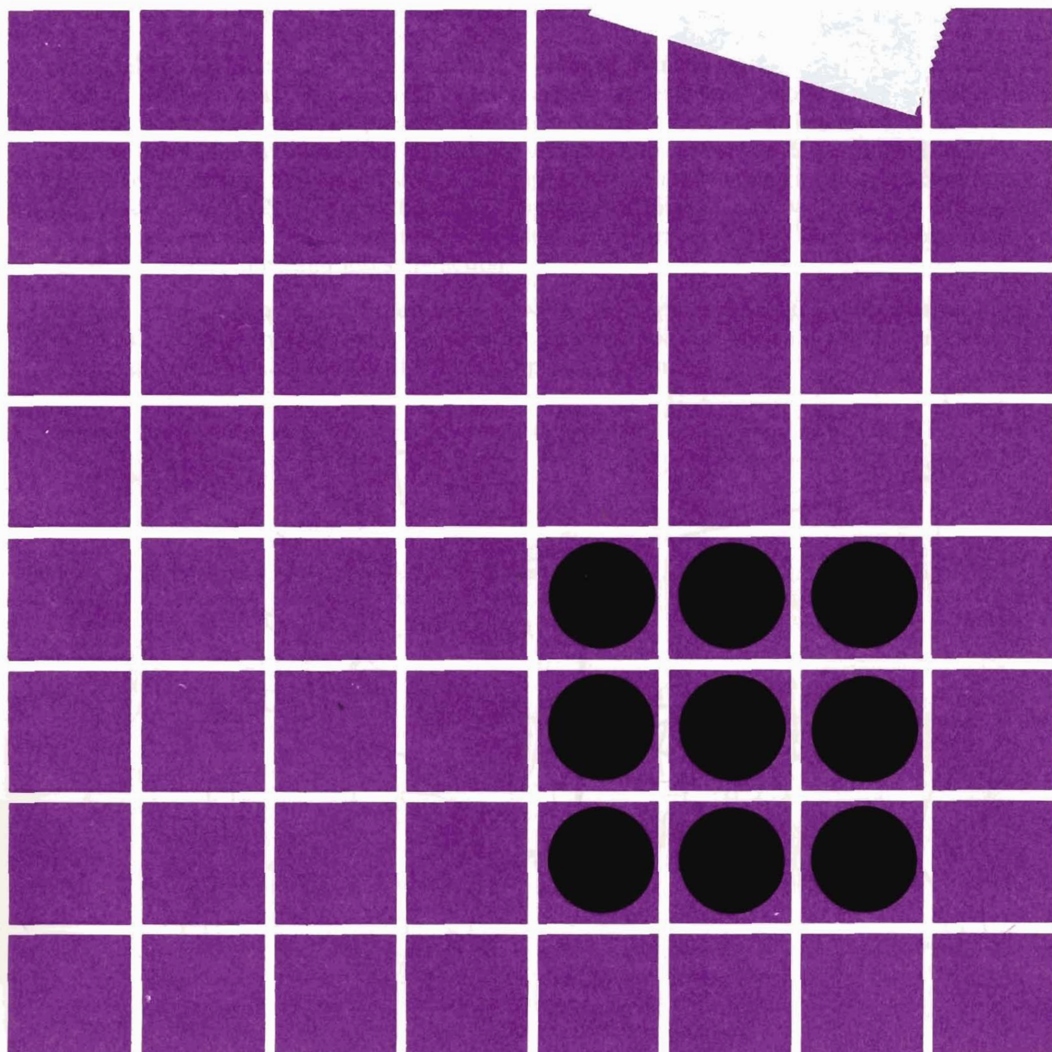
Worker participation in the European Communi



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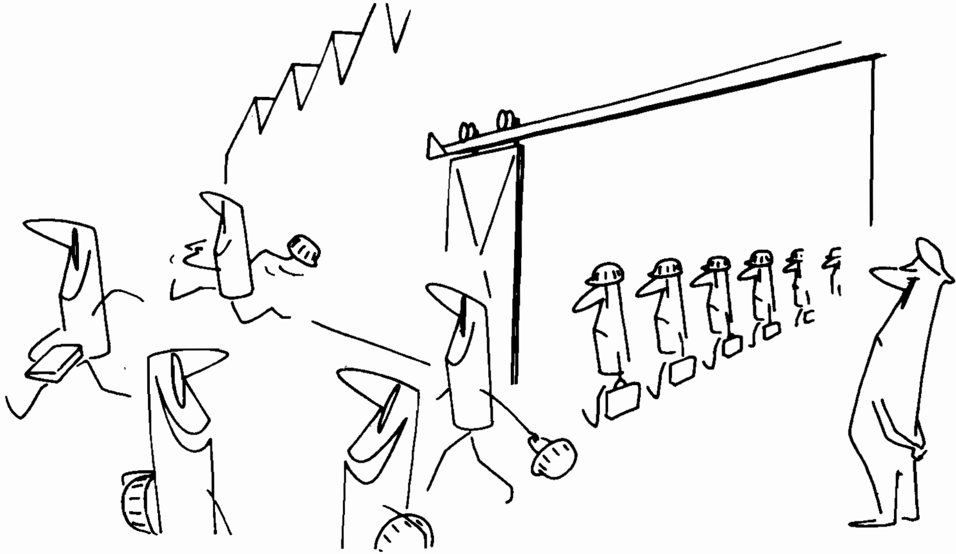
Worker participation in the European Community

Part A: The European Commission's proposals

Throughout the democratic world there is a growing demand for greater public participation in decision-making processes at all levels of government. People are increasingly aware that if they want to protect their interests in society then they need to involve themselves in the processes that govern the way in which society itself is arranged. It is no surprise, therefore, that this desire to participate has, in many countries, carried over into the place of work. No surprise because, in a wage-earning society, well-being is intrinsically bound up with employment in its broadest sense —rates of pay, hours and conditions of work, leisure time and job satisfaction.

People spend a good part of their lives at work and depend for their livelihoods on this work. Consequently they have the right to participate in the decision-making processes which govern the activities of the firms employing them.



In the past, decision-making in industry has tended to reflect the interests of management and shareholders, despite the fact that decisions taken often have far-reaching conse-

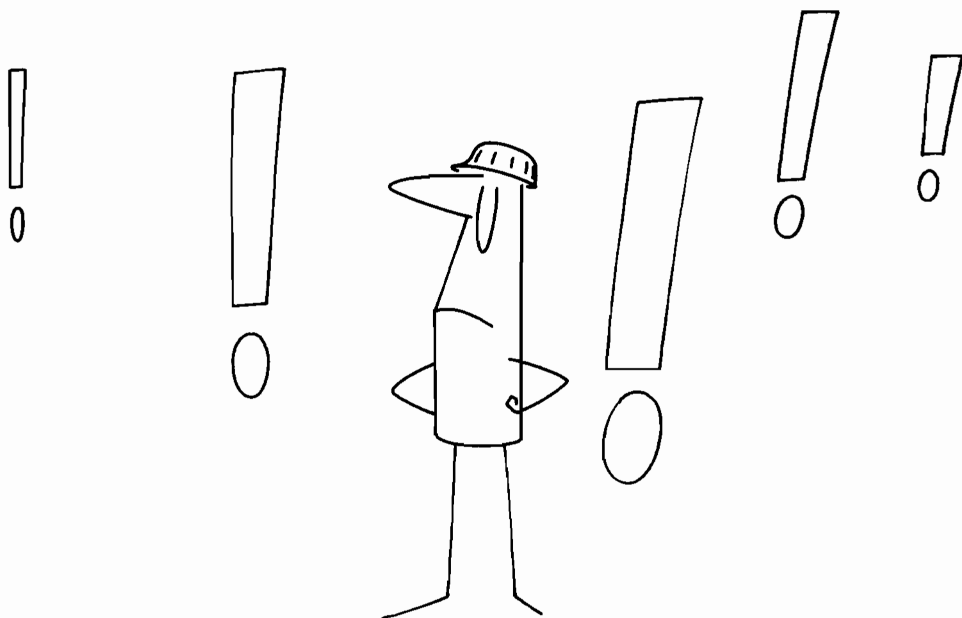
quences on employees and their families. Worker participation—or industrial democracy as it is sometimes called—is a means of ensuring that workers' interests are respected in the decision-making process.

Introduction

This survey is about worker participation in the Community and about efforts now underway to promote industrial democracy in the nine Member States. It is perhaps useful to begin by examining the case for Community-level action in this field.

As a result of divergences in their economic and social evolution and in their legal traditions, the nine EEC Member States possess widely divergent structures for industrial decision-making. The continuance of a situation in which in some of the Member States, wage-earners enjoy extensive rights and legal status within their firms whilst in others, workers' rights remain no more than embryonic would be a negation of the Community's stated aim to improve living and working conditions within the Member States.

As part of the Community objective of creating a common market with a single industrial base, one of the tasks of the European Commission is to work towards the harmonization of national company law legislation. The Commission's proposal for a European company statute, for example, embodies a completely new EEC-wide order of company law. In drawing up its company law proposals, the Commission has necessarily had to examine the role played within firms by those representing shareholders (capital) and those representing workers (labour). Reform of these roles has become all the more urgent since, over the years, there has been a tendency in public companies towards concentration of real power in the hands of a few top men, whilst shareholders and, often, directors are no longer in a position to exercise supervision.



A number of the Community Member States are in the process of drawing up formulae for controlling the activities of management through the introduction of supervisory boards containing workers' representatives. The introduction of a supervisory board, however, is only one of several possible forms of participation. Although it is often difficult to categorize them, there are, broadly speaking, four possible means of participation:—the conclusion of collective agreements; worker representation in consultative bodies, the appointment of worker directors; or possibly the granting of share capital to a firm's workers.

The European Community has already adopted a number of measures more limited than any of these formulae, but tending nevertheless in the direction of worker participation. As part of its social action programme, the Community drew up a draft directive on collective dismissals which was adopted by the Council of Ministers in February 1975.[1] Employers planning such dismissals must in future first consult with workers' representatives on the possibility of avoiding or reducing the lay-offs and on ways of mitigating their consequences. Workers' representatives must be fully informed of the circumstances surrounding the redundancies and redundancy plans must be notified in advance to the competent public authority. They may not usually then take effect until a period of 30 days has elapsed, during which the authority is empowered to seek solutions to the situation.

The Commission has likewise drawn up a directive on the safeguarding of employees' rights and advantages in the event of mergers and takeovers, which was finally adopted by the Council on 14 February 1977.[2] Before a merger takes place, workers' representatives must be informed of the reasons for it, of the consequences it will have for wage earners and of measures to be taken on their behalf. If the workers concerned request it, discussions must be opened immediately on their futures. When no agreement can be reached, an arbitration body rules on the arrangements to made for the workers.

A European card index of collective agreements is also under preparation and joint sectoral committees have been set up to allow representatives of employers and labour in certain industrial sectors to meet for the purpose of concluding collective agreements at European level. The joint committees will also provide a channel through which to deal with certain of the problems posed by multinational companies.

As part of its policy of company law harmonization in the Community, the Commission[3] has proposed that any firm employing more than 500 persons must have a supervisory board (i.e. a body charged with appointing, controlling and, if necessary, dismissing the members of the board of management and which in addition must give its approval before decisions of major importance to the company can be taken) on which employees are represented. The same mechanism would also apply to those firms which, by reason of their international activities, opt for the status of European company along the lines of the proposed European company statute.

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[1] Council Directive on the approximation of the laws of the Member States relating to collective redundancies; OJ L 48 of 22.2.1975, p. 29.

[2] Council directive on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of businesses. OJ L 61 of 5.3.1977, p. 25.

[3] Proposal for a fifth directive on the structure of Limited Liability companies (Doc. COM 172/887 fin).

I. Current forms of worker participation

As indicated above, there are four main ways in which workers can influence industrial decision-making processes. The following section attempts to describe the evolution of each to date.

(A) COLLECTIVE AGREEMENTS

The conclusion of collective agreements—i.e., contracts between one or several employers and a group of workers—offers workers an effective way of influencing the running of the companies for which they work. Collective agreements traditionally relate to matters of direct concern to the workers, such as pay, hours of work and holidays, but in recent years the scope of these agreements in a number of the Member States has considerably widened to include also companies' economic policies.

In Italy, at the end of the Sixties, collective agreements began to stress the improvement of conditions of employment and it is now quite usual for them to contain provisions relating to productivity and quality of work. Recent agreements signed between employers and wage-earners have also dealt with investment policy and the maintenance of employment levels.

There is a similar tendency in the United Kingdom towards widening the scope of collective agreements, and in some sectors, contracts include clauses on working conditions and methods. Very often, management has undertaken not to make decisions affecting the workers until agreement can be reached or until certain negotiating procedures have been undergone.

The tendency in Ireland is probably less pronounced but is nevertheless similar to that in Britain.

In Belgium and in France, collective agreements on such matters as guaranteed income, pensions, education and vocational training have been concluded both at national and at sectoral level, but in Germany, the Netherlands, Denmark and Luxembourg, collective agreements have evolved little from their traditional form.

The content of collective agreements, then, varies widely from country to country, but there can be considerable differences also from one industrial sector to another within the same country. There are limits, however, to the possible scope of such agreements. Thus, a union will normally negotiate only on matters with evident and direct effects on its members. As soon as a decision entails consequences more remote or more complex, it becomes difficult for the union to inform its rank and file fully and to obtain the latter's support in action protesting the decision in question. Moreover, even if management is ready to open discussions, it will take some time before agreement can be reached.

On the other hand, organizations representing workers in collective bargaining often have only limited room for manoeuvre, since the capacity of a union to negotiate on a given subject may often depend on the credibility of the threat—possibly implied—that the organization can wield against the employer, namely that of undertaking action which will prove expensive for him if the agreement is not concluded.

Nevertheless, it is highly probable that we shall soon be witnessing the extension of the field of application of collective agreements, especially with regard to increased worker participation in the settling of matters relating to the human aspects of production.

Collective agreements are also playing an increasingly important role in projects involving sectoral, regional and national economic development. This is already the case in France, Belgium and the Netherlands where multilateral negotiations have taken place between employers' organizations, the unions, the State and a number of other interest groups. This trend is likely to become more widespread with the growth of State intervention in industrial and commercial development. In the United Kingdom, the Government has already drawn up a bill intended to involve the unions more closely in the negotiation and updating of contracts between the State and private firms.

At Community level, wage-earners already participate in the decision-making process by sending representatives to sit on the Economic and Social Committee, and through their role in institutions like the Standing Committee on Employment, the European Social Fund Committee and the joint sectoral committees.

(B) INFORMING AND CONSULTING THE WORKERS

Within their own firms, workers are generally informed about and consulted on the decisions taken by the management through their representative bodies and this process is equally vital to labour and management if decisions affecting the workers are to be successfully applied. In some cases, workers' representative bodies also have a right to codetermination. In other words, they are called on to approve or disapprove proposed decisions. The composition and powers of bodies representing the workers varies enormously from one Member State to another.

— Composition of the representative body

The creation of bodies to represent the workers with their firm and to give them a channel for information, consultation and codetermination is often required by law. In addition to the workers' representatives,[1] these bodies often contain delegates from the employer's

[1] For methods of appointing workers' representatives to works councils or similar bodies, see Part B: The current situation in the Community's Member States, p. 19.

side. This is the case with joint committees in Luxembourg and cooperative committees in Denmark. In Belgium, the company head, who presides over the works council, can be assisted by representatives, although the total number of employer's representatives may not exceed that of the workers' representatives. In France (in the case of firms employing more than 50 persons) and in the Netherlands, managerial representation is confined to the head of the firm or to his deputy, who is at the same time chairman of the works council.[1]

— *Powers of the representative body*

The powers exercised by workers' representative bodies vary considerably from one Member State to another and often even from one industrial sector to another.

In Belgium, the law gives works councils the right to detailed information on a company's workings, including its costs of production and plans for future investment. The works council is also entitled to be consulted on any measure that might lead to a change in conditions of employment, in the firm's structure or in production.

Germany, France, Luxembourg and the Netherlands have legislation guaranteeing rights broadly similar to these whilst Denmark and Italy have national agreements to the same effects. In the United Kingdom and Ireland, worker consultation is the norm in a number of sectors despite a lack of legislation to that effect.

In cases where the law gives the workers right of approval, the limits of this right are usually very carefully defined, and restricted to matters directly concerning the workers (usually in the social field). Thus German law gives the works council (Betriebsrat) the right to approve or disapprove management proposals on job evaluation, work rhythms, pay structures, working hours, holidays, personnel policy, social programmes in the case of redundancies, training, safety, health, housing and the behaviour of workers at the workplace. In Luxembourg and the Netherlands,[2] the range of decisions submitted for worker approval is somewhat narrower and is even more restricted in Belgium, France and Italy. In Belgium, for instance, the works council's job is to draw up the rules of work and to run the social services.

Denmark has a national convention on workers' rights of approval in matters relating to conditions of employment, safety, welfare measures and personnel policy. The practical application of safety regulations is also subject to worker approval after investigation by a public authority.

In Italy and the United Kingdom, union involvement is such that in many companies there is no room left for unilateral action by management over a large spectrum of issues, and in the UK, this situation is often reinforced in collective agreements by the 'status quo clause'.

(C) WORKER PARTICIPATION IN THE DECISION-MAKING BODIES

The Biedenkopf Report[3] takes the view that to be really effective, the right to information and consultation must be extended by effective worker participation in the decision-

[1] In the Netherlands, the Government is considering abolishing the head of the firm's automatic right to chair the council.

[2] In the Netherlands, however, the prerogative of the works council is due to be extended to include investment policy, mergers and closures, etc.

[3] See Part B: The current situation in the Community's Member States, p. 19.

making bodies. In Germany, for example, there appears to be a relationship between on the one hand worker participation on the supervisory board and on the other, the degree of cooperation between the management and the works council. The extent of the latter seems linked to the efficacy of the former. Indeed, it seems logical that active worker participation in the body that appoints and controls the management has a positive effect on the management's attitude to other forms of worker participation in the life of the firm.

— *Forms of participation*

In several Member States it is already laid down by law that the decision-making bodies of companies must include members appointed by the workers or approved by them. Thus in Germany, for more than 20 years the supervisory board of joint-stock companies—except for family firms employing fewer than 500 persons—has had to have one-third of its members elected by the company's workers. A form of participation based on similar principles is likewise required in limited liability companies employing 500 or more persons. In the coal and steel sector, companies employing more than 1 000 persons must have a supervisory board, composed normally of eleven members, five of whom represent the shareholders and five the workers, the eleventh being coopted by shareholders' and workers' representatives together. In addition, the management of coal and steel companies must include an employees' representative who cannot be appointed or dismissed without the consent of workers' representatives and who is in charge of relations between employer and employees, and also of personnel matters. On 4 May 1976, the German Parliament adopted a new law on codetermination which applies to companies employing more than 2 000 workers and not forming part of the coal and steel sector. The companies coming under this new system must have a supervisory board comprising an equal number of worker and shareholder representatives. The supervisory board must elect from its members a chairman and a vice-chairman by a two-thirds majority and in the event of failure to obtain such a majority, shareholders' representatives choose the chairman and workers' representatives the vice-chairman.

In the Netherlands, members of the supervisory board of limited liability and private companies of a certain size must be coopted, the works council and the shareholders' meeting both being entitled to oppose a nomination. If the latter were to happen, then no appointment can be made until a committee of the Socio-Economic Council (Sociaal-Economische Raad), after consulting all the interested parties, decides to overrule the objection.

In Denmark, any company employing more than 50 persons must authorize their employees, if the latter so desire, to elect at least two members of the board of directors (Bestyrelsen) in addition to the members elected by the shareholders. Representatives of the latter must, however, always be in the majority.

Under legislation recently adopted in Luxembourg, workers in companies employing 1 000 or more persons or benefiting from a financial participation by the State of at least 25%, or enjoying a State concession for their principal activity, elect one-third of the members of their company's board of directors or of its supervisory board if it has one in the future.

In France, the law provides that in public companies with more than 50 employees, delegates of the works council shall attend the meetings of the board of directors or, in

appropriate cases, the supervisory board, in a consultative capacity. Workers are represented by delegates according to their skill or occupation. A committee of experts has now recommended that this legislation be modified so as to allow representatives of the workers graduallyto perform a function of co-supervision in firms of a certain size by the allocation to these delegates of one-third of the seats on the board of directors or the supervisory board.

In other Member States, the participation of workers' representatives in the decision-making bodies of companies in the private sector is neither required nor practised as a general rule. However, it should be noted that in all Community Member States, a role of ever-increasing importance is being played by workers' representatives and unions in the decision-making bodies of enterprises in the public sector.

— *The scope of participation*

Worker participation necessarily extends to questions of general economic policy, such as expanding or cutting back on the firm's activities but is unlikely to cover the details of day-to-day management. In many, cases, participation is institutionalized within a body endowed with managerial functions, and decisions often concern more general questions than those that present themselves, for instance, to a works council in negotiations at shop-floor level. This ensures a certain overall view for workers' representatives.

Experience in Germany shows that participation in a supervisory body located at the very top of the hierarchy does not normally give rise to serious conflicts of interest for workers' representatives, mainly because of the nature of the functions of that body. In a company with only one board, concerning itself essentially with day-to-day management, the workers' representatives on that board will probably find themselves in a more difficult position than their opposite numbers sitting on a board with supervisory functions or confined to studying more general problems of long-term policy. In any case, it is only to the extent that workers' representatives occupy a position of equality in the decision-making body, or when shareholders' representatives cease to have an absolute majority, that any fundamental change occurs in the balance of forces involved in the decision-making process.

(D) SHAREHOLDING

Worker participation in the capital and profits of their firms exists to some extent in several Member States, often encouraged by fiscal measures. In France it is laid down by law. These systems of participation most often take the form of bonuses and are aimed at encouraging production and personal saving. However, with only a small number of exceptions, none of the existing systems tends to give the workers a real influence on decision-making in the firm employing them.

Recently, in several countries—notably Denmark—proposals have been made for giving the workers or the unions the possibility of effective intervention in the management of firms, principally through the creation of a fund which holds shares on behalf of the workers, thus in time giving the workers the right to a voice in the management of their companies. So far, no system of this kind has actually come into force.

II. Future trends in worker participation

Though workers already possess the means to voice and defend their interests within the firm, the use of the instruments available to them nonetheless raises a certain number of problems.

The extension of the field of application of collective agreements will no doubt settle a number of questions but for various reasons, these agreements can hardly be used as a basis for Community action since legislation could not lay down with any exactitude the scope of collective bargaining. Moreover, the achievements of such agreements are bound to depend largely on the relative strength of the parties involved.

Future Community legislation will require management to inform and consult with workers, and this will mean that greater prominence will be given to the workers' viewpoint. Only through worker representation in the company's decision-making bodies, however, will it be possible for wage-earners to have any permanent chance of playing a part in the drawing up of those measures likely to affect them most. Intervention by the workers in the decision-making process through their role as shareholders is not currently of any significance in any of the Member States.

(A) COLLECTIVE AGREEMENTS

It seems inevitable that the use of collective agreements in Community countries will develop and tend to cover in the main a firm's economic policy and the organization of industrial and commercial activities. This tendency is likely to be accentuated in certain countries by growing State intervention in economic and social planning, and perhaps also through legislation making it obligatory for companies to make certain types of information available to their workers.

It is conceivable that future collective agreements should include references to worker representation on the supervisory board, since both forms of participation are based at least in part on the notion that workers should have greater control over the companies upon which they depend for their livelihoods. As pointed out above, however, there are various reasons why collective agreements do not seem to provide a valid basis for legislation on worker participation in the decision-making process. First of all, it would not be possible to legislate in precise enough form upon the scope of such agreements, and secondly, the topics included may not always be those of greatest concern to a particuler group of workers. In case of disagreement, appeal to independent arbitration would only be possible for a limited number of relatively well-defined problems, since the effectiveness of collective agreements must depend in the final analysis on the relative strength of the parties concerned. This is necessarily unpredictable.

To sum up, legislation based upon collective agreements would not provide a means of guaranteeing equivalent standards and protection throughout the Member States. Nevertheless, such agreements do have an important part to play in the setting of specific problems, such as those, posed by the multinationals and whilst the Community will continue its efforts in this direction, it remains up to the unions themselves to develop the necessary counterweight to the multinationals' power.

(B) INFORMING AND CONSULTING THE WORKERS

The multitude of systems by which the workers are informed, consulted and sometimes induced to approve or disapprove management proposals pose very complex problems, essentially in spheres such as the 'social' field which are of direct concern to them. These systems generally apply either at plant or works level.

Bodies existing at this level tend to have only a local or fragmentary view of a situation and are therefore unsuitable channels through which to encourage worker participation in decisions affecting the firm as a whole. It is possible to envisage the creation within a firm of a committee composed of workers' representatives elected directly or indirectly within the representative institutions at works or plant level. Since such a committee would be distinct from the company's decision-making bodies, however, its effectiveness is open to question. If, on the other hand, it were given major legal powers over the firm's economic decision-making process, such as a right of veto, there would be a danger of paralysing the firm's functioning. If a firm's workers are to have a real chance of influencing the decision-making process of a whole firm, representative bodies will have to be backed up by other institutions.

Nevertheless, the existence of representative machinery at local level remains essential for both labour and management if the decisions affecting workers are to be well thought-out and applied without friction. If also has importance for the economic decision-making process, since such machinery would be able to acquaint management with the concerns and ideas of the workers and vice versa. Moreover, the effectiveness of worker participation in decision-making bodies seems to depend largely on the existence of effective representative institutions able to centralize the views and wishes of the people they represent whilst retaining their close links with those people.

The Community has already adopted or proposed a number of measures requiring the governing bodies of companies employing a given number of persons to inform and consult workers' representatives and, if possible, to negotiate agreements with them. The draft European company statute, for example, contains provisions requiring the information and consultation of the European works council on a number of questions and, in some cases, a decision may be taken by the governing bodies only with that council's consent. The directive on mass dismissals also contains provisions regarding the workers' representative bodies, as does the recently-adopted directive on acquired rights of workers (see page 3) and the draft directive on the protection of the interests of members and other parties in mergers of joint-stock companies.[1]

(C) WORKER PARTICIPATION IN THE DECISION-MAKING BODIES

Though initially France and Germany were the only two Community countries to allow for the possibility of worker involvement in decision-making processes, other Member States have allowed limited forms of participation in the public sector. The Netherlands, Denmark and Luxembourg have all recently adopted measures to introduce worker participation in the appointment of members of governing bodies, particularly in large companies.

[1] Proposal for a third Council directive to coordinate the safeguards which Member States require of companies as defined in Article 58, paragraph 2, of the Treaty in order to protect the interests of members and other parties in mergers of joint-stock companies.

Furthermore, systems of participation are still developing. In Germany, the three main political parties all accept the principle of expanding, through legislation, worker representation on the supervisory boards of large companies within the coal and steel sectors. Capital and labour would thus have equal rights and carry equal weight whilst, at the same time, the position of the works councils would be strengthened.

In France, several eminent politicians have advocated that the two worker representatives allowed in a consultative capacity on the management or supervisory board should have the same voting rights as other members. The Sudreau Committee even proposes that they should have the right of co-supervision. Such an innovation would still leave unimpaired the freedom of decision of the head of the firm, since workers' representatives would occupy only a third of the seats of the body charged with management or supervision.

In Ireland and the United Kingdom, which so far have enjoyed only limited forms of union representation in the public sector, proposals have recently been made for developing systems of worker participation in the governing bodies of firms. In Ireland, a Bill has been introduced giving one-third of the seats on the board of management of a number of commercial enterprises in the public sector to employees' representatives. Official circles hope that private enterprises will follow suit. In the United Kingdom, the Trades Union Congress favours a single-tier structure while the Government is planning to bring forward legislative proposals in the light of the report made by the Bullock Commission, which also favours a single-tier structure.

It must be admitted, however, that worker participation is meeting with a certain degree of opposition, mainly in Belgium, France, Italy, Ireland and the United Kingdom but also to a certain extent in other Member States.

Some trade unionists oppose participation because they consider that the class struggle should not be compromised by collaboration between workers and the owners of the means of production. Others fear that participation will compromise the independence of the union as organizations whose aim is to negotiate on behalf of the wage-earners. Also, if they are associated with the management of firms, the unions run the risk of being held responsible for the decisions taken. If, on the other hand, representation of the workers were independent of the trade union movement, then the unions' status as representative of the workers could be impaired.

In industrial, commercial and financial circles, participation is often opposed for reasons contrary to those of the unions. The opinion held tends to be that the systems envisaged will be exploited to strengthen the class struggle and that firms—or the interests of 'capital'—will find themselves in a much weaker position for bargaining with workers thus organized. The granting to workers' representatives of rights enabling them to obstruct the economic decisions of the firm is viewed with particular apprehension in these circles.

Nevertheless, most of the criticism thus formulated does not exclude reform, but unfortunately, measures proposed by union and employers are often diametrically opposed. The unions generally envisage legislative provisions requiring employers to furnish workers or their representatives with details of the firm's trading position, whereas employers usually think in terms of more elaborate forms of consultation.

In the light of current developments, it has become impossible to ignore the question of worker participation at European level. The presence of workers' representatives in the decision-making bodies is bound to strengthen representative institutions at plant level,

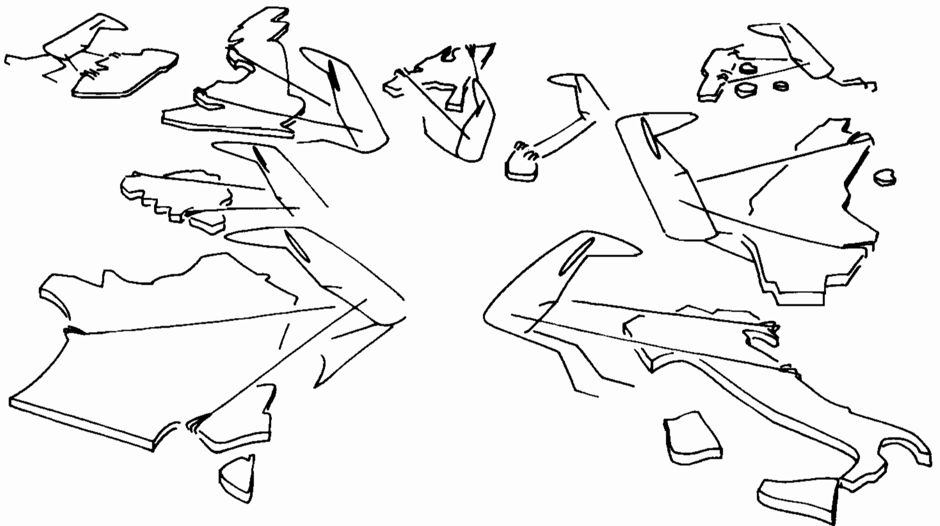
the converse being equally true. Far from harming the smooth running of the firm, this development should lead to the improvement of industrial relations and help to solve the conflicts that inevitably occur in any healthy society.

(D) SHAREHOLDING

So far, no Member State has a system of worker participation through the allocation of shares, although several Member States are looking into the possibility. Community legislation in this field could therefore be required at some stage in the future. In the interests of the fairer distribution of income and wealth, the Commission is due in the near future to send the Council a report on the various systems used in the Member States to encourage the acquisition of assets by workers and it is possible that this information could be influential at Community level.

III. The European Commission envisages a temporary solution

Legislative action at Community level must always take account of the very different national situations that have usually resulted from separate historical development. This applies equally in the world of labour relations, where time is yet needed before there can be a sufficient alignment of the different systems prevailing throughout the Nine for Community action to be acceptable. The final Community aim is that workers should be represented and have a consultative role on the supervisory boards of limited liability companies. In the meantime, however, the adoption without delay of flexible minimum Community standards is essential. Such measures will constitute a transitional phase dealing mainly with company structure and worker representation.



(A) COMPANY STRUCTURES

The European Community would like all Member States to give companies the option of having a supervisory board alongside the board of management in limited liability companies, the aim behind this being the closer control of company management. The supervisory board will have to give prior consent to decisions of major importance to the company in a number of fields. Some Member States might prefer to introduce this system progressively, on a mandatory basis according to company size.

The transitional phase will have to be long enough to allow time for experimentation and progressive adaptation without at the same time losing sight of the final goal which will be the establishment of comparable structures throughout the Member States, characterized by the existence, alongside the general shareholders' meeting, of two distinct bodies, one concerned with management (board of management) and the other having a supervisory role (supervisory board).

Worker participation in the firm's decision-making bodies need not necessarily be linked, however, to the existence of this two-tier system, since in countries which still apply the single-tier system, with a single board of directors performing all the tasks of running the company, workers' representatives could equally well be introduced into the management board. This is a formula which will be included in the transitional measures, for use in cases where the single-tier system seems likely to continue for some time yet. In the long run, however, workers' and shareholders' interests will be better safeguarded under the two-tier system which remains the final objective.

(B) WORKER REPRESENTATION

Since some Member States do not feel able to ensure worker participation on boards of management or supervisory boards in the near future, it might be possible to arrange a system whereby these countries can allow all or some of their companies provisionally to adopt a system based on an instrument representing workers within the firm or on the shop steward committees which already exist in some Member States. Representative institutions such as these do not participate directly in the supervision or management of the firm, and it is therefore unlikely that this type of transitional system will prove as satisfactory as the two-tier system eventually to be used.

— *Composition*

The main question to be answered as far as the composition of the workers' representative body is concerned is whether that body should include one representative of management (possibly the managing director) or whether managerial representatives should be equal in numbers to those of the workers. If a sufficient degree of independence is to be achieved, however, workers' representatives will need access to sufficient facilities and time to be able to meet and settle internal problems amongst themselves without the presence of management. They should have access to information necessary to them and should then be able to put forward their views to management in general, and to the company head in particular.

To avoid the complexities which might otherwise arise, Community provisions will have to do no more than state general principles which can then be outlined in more detailed

form in national legislation and when put into practical application by companies. It would thus be possible for the system to be modified by agreement between company and worker representatives whilst still respecting the general principles contained in the Community directive.

— *Methods of nomination*

Throughout the Community, members of representative bodies are almost always persons employed by the company in question and it therefore seems reasonable to retain this feature.

— *Functions*

The representative body must be entitled to all possible information on the firm's running and that of any associated firm and on the general development of the particular industrial sector concerned. Important dealings should be brought to its notice and discussed at the earliest possible moment, and certainly not in retrospect. It is unlikely, however, that the representative body could be given the right to approve or disapprove economic measures without running the risk of paralysing the firm as a commercial organization. In the social field, on the other hand, EEC legislation has aleady been agreed covering social programmes to alleviate the consequences of mergers. The Commission feels that it is desirable to establish the right of approval or disapproval in social matters within the framework of legislative measures which are independent of transitional provisions on worker participation.

Conclusion

The European Commission considers that the two basic principles contained in its draft fifth directive on the structure of limited liability companies[1] (i.e., the introduction of the two-tier system, characterized by the existence of a board of management and a supervisory board, and by workers participation in this supervisory body) are valid, attainable objectives. It therefore intends to sketch out the broad outlines within which these objectives can be achieved, but to leave it up to the Member States themselves to fill in the exact details of the systems they eventually adopt.

There can be no question of laying down the exact forms of appointment and dismissal of worker representatives on the supervisory body, but Member States should, however, respect common principles to ensure that the delegates appointed are truly representative of the workers of the firm in question, all of whom must be able to participate in their appointment in accordance with procedures guaranteeing freedom of opinion and ensuring reasonable protection of minorities. In cases where a large proportion of workers are opposed to their being represented on the supervisory body, this viewpoint should be taken into account.[2]

[1] See footnote 3, p. 5.

[2] The European company statute stipulates that the workers will not be represented on the supervisory body if the majority of them so decide.

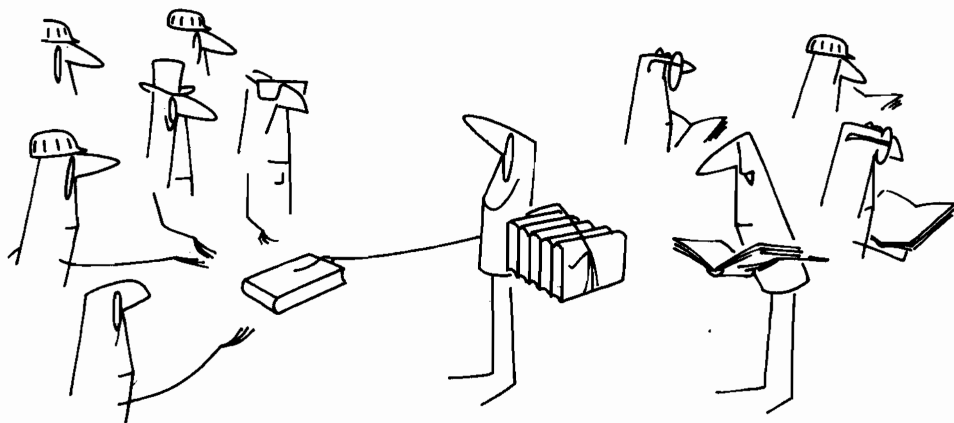
Provision has been made for transitional measures to be used where necessary, but their existence should not prevent Member States who feel able to go further along the path towards true worker participation from doing so.

Are the formulae proposed by the Commission the only possible provisions for ensuring worker participation? This is a question which the debate on the Green Paper 'Employee participation and company structure', of which the present text is a summary, will help to answer, and the Commission will examine closely any suggestion made to it on this subject.

Part B: The current situation in the Member States of the EEC

Introduction

Current forms of worker participation vary widely from one EEC Member State to another. In order, therefore, to find a European formula acceptable to the greatest possible number of those concerned and to facilitate the debate engendered by the Green Paper, the Commission has accompanied its proposals on worker participation with a country-by-country analysis of the methods of worker participation already in use in the EEC Member States. A summary of this analysis is given below.



I. Collective agreements

Throughout the Member States, the collective agreement, usually defined as a contract between one or several employers and a group of workers, provides wage-earners with a way—and in some countries their only way—of making their influence felt in the decision-making processes of the firms in which they work.

Belgium

Traditionally, collective agreements are negotiated at sectoral level by committees representing employers and employees in equal numbers and headed by an independent, state-appointed chairman and vice-chairman. These sectoral agreements are binding upon all employers represented on the committees and on their employees and can by unanimous declaration of the committee and subsequent legislation to that effect, be extended to cover all companies within the sector.

The Federation of Belgian Enterprises (Fédération des Entreprises belges) also signs social planning agreements intended to improve wage-earners' living standards with the country's three most representative unions. The National Council of Labour (Conseil

national du travail), representing employers and workers in equal number, has been responsible, too, for a number of general agreements, such as the one guaranteeing a minimum income to disabled workers.

Under the Belgian system, there is very little scope for agreements concluded at plant or company level.

Denmark

Collective agreements in Denmark are negotiated at national level by the Danish Employers' Confederation and the Danish Federation of Unions and relate to general matters (minimum rates of pay, holidays, insurance benefits, etc.) as well as to problems specific to the industrial sector concerned (training, safety, etc.). In the event of conflict, the Minister of Labour appoints mediators in an attempt to help the parties reach agreement and who are empowered temporarily to suspend strikes or other forms of industrial action.

Germany

Collective agreements are as a general rule concluded regionally and apply in principle to all the workers in a given sector. Collective agreements relating to several regions, or to the Federal Republic as a whole, are exceptional. Agreements concluded within the firm may not depart from the provisions of collective agreements where the basic conditions of employment are concerned.

France

Current legislation distinguishes collective agreements applying solely within the firm from those which can be extended by ministerial decree to other firms. The latter type of agreement can be concluded only by the most representative organizations in accordance with a special bargaining procedure in which a Government representative takes part.

For some years now there has been a trend towards national, interprofessional agreements dealing mainly with security of tenure, vocational training and the income guaranteed to unemployed persons over 60. Similar agreements are currently being negotiated on working conditions. As yet, however, the conclusion of agreements at factory or company level is not very widespread.

The Sudreau Report on company reform has recommended greater freedom of manoeuvre in the field of collective bargaining and that unions should be given real powers to negotiate.

Ireland

Negotiations are conducted on a voluntary basis either within a particular company or at sectoral level. Since 1970, however, wage rounds have taken place at national level in meetings between employers, governmental and union representatives.

National agreements are reconsidered upon expiry although it is always possible to opt for a return to the system of company or firm-level sectoral agreements.

Italy

Collective agreements are concluded both at national and company level, whilst in recent years there has been a trend towards local agreements ('contratazzione articolata') to complete the national arrangements. The same trend favours discussions on working conditions within the firm. Some employers have also recently begun to enter into commitments regarding their investment policy.

Luxembourg

Employers are legally obliged to negotiate collective agreements. They can deal with one or several unions, either individually, or in sectoral groupings, or as the Federation of Employers (Fédération d'employeurs). Only those organizations which are representative at national level may participate in these negotiations. In the event of refusal by an employer to negotiate, or if talks fail, the matter is brought before the National Office of Conciliation (Office national de conciliation). Wages are indexed and collective agreements may be extended to all wage-earners in a given sector.

The Netherlands

Under Dutch law, the conclusion of collective agreements is obligatory either at national or company level. Provision is also made for legislation to extend agreements to include firms that did not take part in the bargaining process which means that a limited number of agreements can cover a large number of wage-earners. In certain sectors, such as metals, chemicals and the construction industry, agreements have increasingly been concluded at sectoral and company level.

The United Kingdom

In the United Kingdom, bargaining procedures and the points covered by collective agreements are very varied and their conditions are not binding. In recent years, there has been a noticeable trend in some sectors towards the conclusion of broader and more detailed agreements at local level. Agreements do not normally cover matters such as investment policy, closures, mergers, etc.

The Employment Protection Act, introduced at the end of 1975, gives greater scope to collective agreements and gives unions the right of appeal to the Conciliation and Arbitration Service which can recommend that the employer recognizes the union. Failing agreement, the union is entitled to ask the Arbitration Service for unilateral arbitration on the conditions of employment of the workers involved. Employers are also obliged to give the unions all the information they need to render collective bargaining effective. The 1975 Industry Act allows union representatives to take part in negotiations between firms and the Government for contracts.

II. Informing and consulting the workers

There are procedures in many of the Member States for informing and consulting the workers on management decisions which in effect give the workers the right of codetermination, i.e., to approve or disapprove proposals.

Belgium

In Belgium, there are three institutions that fulfil this function:—the works councils, the safety and health committees and the union representatives.

Works councils are obligatory in any organization in the private sector employing 150 persons or over (50 persons or over where a council already existed). The councils include workers' representatives elected by a secret ballot from a list of candidates put forward by the most representative unions, and the company head and any other delegates he chooses to assist him. Representatives of the employer may not outnumber those of the workers. The employer must supply the Council with all the economic and financial information it requires. The works council is entitled to be consulted on any change in conditions of employment, the structure of the organization or on production. It examines company policy on the hiring of personnel and lays down the rules to be followed for dismissals.

Consultative committees for safety, health and the working environment exist in all firms with more than 50 persons and are in principle of the same composition as the works councils.

There is union representation in companies employing more than 20 persons and the relevant representatives have certain rights with regard to individual or collective representation of members of their union. Accordingly, they must be informed of proposed changes in wages and conditions of employment.

Generally speaking, the unions are dissatisfied with the functioning of the works councils in their present form. The Confederation of Christian Unions (Confédération des Syndicats chrétiens) would like to convert these bodies into councils representing only wage-earners and enjoying greater powers (the right of veto with regard to work, regulations, dismissals, closures and personnel policy). The Belgian General Federation of Labour (Fédération Générale du Travail de Belgique) is considering the possibility of giving these councils supervisory as well as consultative functions.

Denmark

In October 1970, the Danish Employers Federation and the Danish Federation of Unions concluded an agreement providing for the creation of cooperative committees in industrial and craft firms. The committees are composed of an equal number of representatives of management (including the supervisory staff) and of workers and are obligatory in firms employing 50 wage-earners, if either the employer or the majority of the workers request them. In smaller firms, it is up to those concerned to decide an appropriate mechanism to achieve the agreement's ends.

The role of the cooperative committees is to ensure satisfactory working conditions. They are entitled to the provision of information by the management on the firm's economic

situation and its development prospects. Management must also give the committee the chance to state its views and put forward suggestions on general company policy. The committee also has the right of codetermination in matters relating to conditions of employment, safety and personnel.

There is also a trend in Denmark towards the creation of semi-autonomous working groups, a development which will probably be taken into account when the next cooperation agreement is drawn up.

Germany

Under a 1972 law on internal company organization, every company in the private sector in Germany employing at least five persons must have a works council whose members are elected by the workers in a secret ballot. If the company has more than one plant, it must also have a central works council.

The works council is required to present a quarterly report of its activities to a meeting composed of the workers and consults with the employer to solve disputes. Should this prove impossible, the matter goes before the labour court or, more often, a body of arbitration. The council has extensive rights of participation in matters concerning personnel and in social or economic questions and must be kept fully informed by the employer.

As a general rule, the employer cannot hire, fire, transfer or reclassify a worker without first consulting the works council and if no agreement can be reached, the matter must again go before the labour court. In, the case of companies employing over 100 persons, each plant must have an economic committee to discuss mergers, production cuts or structural changes likely to affect workers adversely. It is up to the works council then to seek a solution to the conflict of interests, although it can intervene (and can refer matters if necessary to an arbitration body) only as far as the social, and not the economic effects of the proposed changes are concerned.

France

Under French legislation, it is possible for three representative bodies to coexist within the same plant. Workers have appointed their own representatives since 1936. A law passed in 1945 (and since amended) provided for the setting up of works councils, and in 1968, the position of shop steward was created.

Staff representatives are elected annually in any firm employing more than ten wage-earners. The system used involves proportional representation through secret ballots amongst professional and executive staff and another amongst other wage-earners. Candidates are initially nominated by the most representative unions, but if the number of votes cast is less than half the number of electors, a second election has to be held, for which candidatures can be put forward freely.

The delegates thus represent wage-earners in all disputes on staff gradings and wages or on labour legislation. Alternatively, workers can make personal representations to their employer.

Firms employing a staff of more than 50 must have a works council made up of delegates elected directly by the workers. Their number generally varies between three and eleven, and they are elected by secret ballot by three electoral bodies (supervisory staff, professional and executive staff and other employees) in accordance with a system of proportional representation agreed between the head of the firm and the unions. In case of disagreement, the local direction of labour and manpower is called upon to give a ruling. Each union recognized within the firm can appoint one representative (without voting rights) to attend the committee's meetings.

The works council is chaired by the employer and has purely consultative functions, except for management or control of welfare activities. It has to be informed about the running of the firm and above all of measures affecting manning levels and conditions of employment. A law dated 3 January 1975 and relating to dismissals for economic reasons provides for the consultation of delegates of the personnel and works councils as soon as dismissals affect at least 90 persons in a 30-day period.

Since the adoption of a law dated 27 December 1958, the unions are entitled, in firms employing more than 50 persons, to create a union branch ('section syndicale') composed of delegates appointed by the union and whose purpose is to defend the interests of its members within the firm.

The Sudreau Committee has recommended that the representative character of the works council be strengthened and that it should develop consultative activities which would stop somewhere short of codetermination, which is not sought by either side.

According to the proposals made in April 1976, the Government wants firms with more than 2 000 wage-earners to have an economic committee which would derive from the works council and would report back to the works council on the firm's economic and financial affairs. The organization and functioning of the committee would be decided upon within each company. The Government also wants to see greater provision for communication between management and personnel in holding comanies. Multinationals would have to appoint a representative to their French branches to allow real contact between the local works councils and the source of managerial power.

The General Confederation of Labour (Confédération générale du Travail) wants to see the role of the works council strengthened, but is sceptical about the chances of company reform within the capitalist system. Views expressed by the French Democratic Confederation of Labour (Confédération française démocratique du Travail) are similar.

Ireland

Works councils have been set up in some branches of the private sector, usually through the combined initiative of management and unions. When the unions control the works council, the latter often combines its consultative functions with that of collective negotiation.

The only form of consultation imposed by law (the Factory Act of 1955) is that which gives factory workers the right to create safety committees and to employ safety representatives in a consultative capacity.

In 1973, however, a sub-committee of the employers-workers consultative body recommended the creation of works councils in all establishments employing more than 25 persons and that representatives on these councils should be elected by the unions.

The Irish Congress of Trade Unions has accepted the European Commission's proposals on works councils as contained within the European company statute, although with the reservation that workers' representatives should be elected by the appropriate union organization in each establishment.

Italy

There are three main bodies involved in informing and consulting Italian workers: the internal committees, union bodies and the works councils ('consigli di fabbrica').

The internal committees (or the works representative in the case of establishments employing between 5 and 40 workers) represent the workers *vis-à-vis* management. Their activities relate to the application of collective agreements, compliance with social legislation and standards of health and safety. They have a right of control only over those internal institutions which have a social function.

Union bodies may be set up to represent the collective interests of workers in a particular plant, and may assume the form considered most appropriate by the unions (union branches, shop committees, works councils, etc).

Works councils constitute a new form of union representation that came into being during the union struggles in 1968 and 1969. Delegates are elected by a homogeneous group, i.e., by all the workers employed in the same production unit, whether they are union members or not, and the body of delegates thus elected constitutes the works council which draws up wage claims and decides upon any form of action to be taken.

Luxembourg

Luxembourg has two institutionalized forms of informing and consulting workers: the staff representative and the joint committee.

In so far as the former is concerned, the law provides for the creation of a 'workers' delegation' in all private firms and in all the establishments of the public sector employing at least 15 workers. There is also a 'staff delegation' in firms employing at least 12 staff members. delegates are elected by the workers from among the firm's personnel to defend their rights and interests in social matters.

The joint committees are composed in equal numbers of representatives of employers and employees and are obligatory in private firms employing 150 or more wage-earners. Representatives of the personnel are elected by secret ballot and according to a system of proportional representation by delegates of the workers, employed by the firm. The committees' function is above all consultative and they concern themselves mainly with any economic and financial decisions likely to affect a firm's structure or the level of employment, or with investment and production levels. They have to be consulted on any decision likely to bring about changes in production processes, plant or shop rules, and on manpower planning and training programmes. In addition to its consultative functions, the

joint committee has power to decide on measures concerning the behaviour, health and safety of the workers, and also to lay down general criteria regarding the engagement, promotion, transfer and dismissal of workers. Finally, it is empowered to supervise the running of the firm's welfare facilities. It also has right of access to all the information it needs to enable it to carry out these tasks.

The Netherlands

By law, any firm employing more than 100 workers must have a works council. If there are several works councils within one company or group, they are entitled by majority decision to demand the creation of a central works council. Councils can also exist at group level to deal with the specific problems of the group.

Members of the council are elected by the workers and candidates are proposed by the unions in consultation with union members and, under certain conditions, by non-unionized workers. To date, council meetings have always been presided over by a representative of management, but the Dutch Government is now considering abolishing this prerogative.

The councils have the right to be fully informed on the running of the firm and have to be consulted on various measures except where this would be contrary to either the company's interests or to those of individuals concerned. Matters on which the council is consulted include all measures such as transfer of ownership, or partial or complete closure, as well as measures of a 'social' character (e.g., training, recruitment).

The works council participates in decisions on matters to do with pensions, hours of work, holidays, profit-sharing, safety and health, and where there is disagreement, the matter is submitted to the competent professional body.

The role of works councils in the Netherlands is undergoing re-examination, notably by the Socio-Economic Council, and the National Federation of Christian Unions has expressed the opinion that the councils' powers of codetermination in the social field should be increased but that their structure should remain unchanged. The National Federation of Socialist Unions and also that of Catholic Unions feel, on the other hand, that the councils should no longer include a member from the management side.

A bill was submitted to the Dutch Parliament in early 1976 proposing that works councils should be composed solely of representatives of the workers and should consult regularly with management. There should be special consultations between the two sides in order to help the council in its work. The amount of information to be supplied to the works council will be increased under the current proposals, as will the list of subjects on which the council must be consulted by management. The possibility of non-consultation where consultation would be contrary to the firm's interests would no longer exist and the number of management decisions requiring the works council's prior consent would be increased.

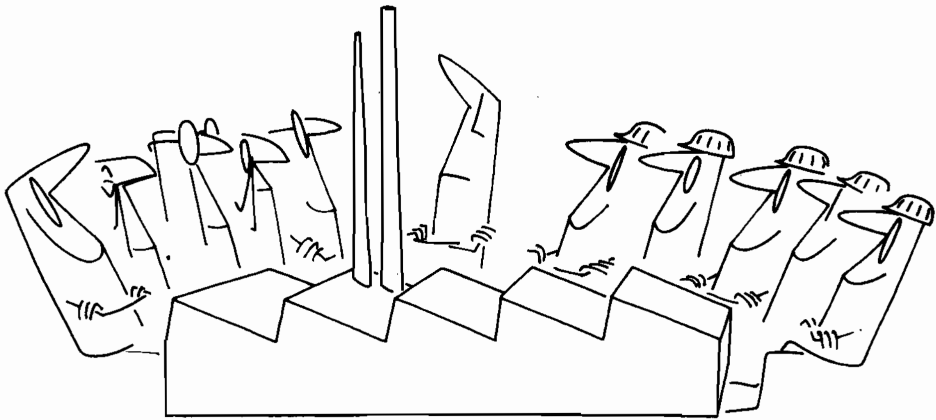
The United Kingdom

The existence of a works council is not mandatory under British Law but in small companies it has become, nevertheless, the most commonly used consultative body. In larger firms, however, joint negotiating committees are more common.

The Employment Protection Act obliges employers to furnish union representatives with the information required for the negotiation of collective agreements, and they must always be consulted in the case of dismissals.

III. Worker participation in decision-making bodies

In most of the EEC Member States, it is laid down that the decision-making bodies of companies must include members appointed by the workers or whose appointment has been approved by them. In others, participation in the decision-making bodies of private companies is neither statutory nor generally practised, except in the public sector, where throughout the Community companies have to allow worker representatives or unions to participate in their decision-making bodies.



Belgium

To date, there is no provision in Belgium for the representation of workers on the board of directors of limited companies in the private sector. In the public sector, however, the 21 members of the board of directors of Belgian Railways (the Société des chemins de fer belges) must include three worker representatives appointed by the Minister of Transport. A semi-public enterprise like the Brussels Public Transport Company (Société des transports intercommunaux de Bruxelles) also includes a number of worker representatives on its board.

In the private sector, this form of representation does not meet with the favour of either the Federation of Belgian Enterprises (Fédération des Entreprises belges) or the Belgian General Federation of Labour (Fédération générale du Travail de Belgique). The latter feels the system involves an undesirable degree of union integration in the capitalist system. The Confederation of Christian Unions (Confédération des Syndicats chrétiens) would like labour to be given a decisive role in economic and financial decisions, particularly in very big companies.

Denmark

Two laws dating from 1973 on limited and limited liability companies give the workers of all companies employing at least 50 persons the right to elect two members to the board of directors in addition to those elected by the shareholders. The number of worker representatives can be more than this if the company's articles of association so provide, but the majority of members must always be elected by the shareholders' meeting. Worker representatives are elected for two years from among those workers who have been with the company for more than one year prior to the election. They have the same rights as all other board members.

The new laws are intended to give the workers access to information on the running of their companies and to allow them to state their point of view in the decision-making process until such time as they can be indirectly represented by the Fund for the Participation of Wage-earners in Investments and Profits.

Germany

Participation by workers' representatives in the firm's decision-making bodies derives from the Comanagement Law (Mitbestimmungsrecht) of 1951, on a law of 1956 amending the latter (Mitbestimmungsergänzungsrecht), on a law of 1952 on the internal organization of firms (Betriebsverfassungsgesetz) and on a recent law adopted on 4 May 1976 and known as the Mitbetimmungsgesetz.

The 1951 Comanagement Law applies to companies in the coal and steel sector employing over 1 000 workers. Of the eleven members of the supervisory board appointed by the general shareholders' meeting, four can be chosen without restriction, and the same applies to a fifth on condition that he is independent of shareholders and of workers and unions. To these five members representing the shareholders are added five others representing workers, of whom two can be appointed from nominations made by the works council and two from nominations by the unions. The fifth must be independent, in the same way as the fifth member for the shareholders. These ten members are responsible for the proposal to the general meeting of an eleventh. Where agreement upon the eleventh appointment cannot be reached, there is provision for a conciliation procedure, If the general meeting refuses the appointment proposed by a conciliation committee composed equally of shareholders' and workers' representatives, appeal to the competent court will result either in the appointment by the general meeting of the member proposed or—if the refusal of the general meeting is considered justified—in the free appointment by that meeting of an independent member. In addition, the management of the company must include a member in charge of personnel (Arbeitsdirektor), who cannot be appointed against the wishes of worker representatives on the supervisory board.

A law adopted in 1956 amends the Comanagement Law and applies to companies in coal and steel which are part of a larger group. If more than half the group's turnover is in the coal and steel sector, the holding company must have a supervisory board comprised of an equal number of representatives of shareholders and wage-earners as well as an independent eleventh member.

A further law was adopted in 1952 on the internal organization of companies not covered by the laws of 1951 and 1956. In joint stock companies, excepting family firms employing

fewer than 500 persons, one-third of the members of the supervisory board must be appointed by representatives of the wage-earners and the same applies to limited liability companies employing more than 500 wage-earners.

In 1970, a committee of experts chaired by Professor Biedenkopf proposed that the number of wage-earners' representatives on the supervisory board be increased, whilst still retaining shareholders' representatives in the majority. After extensive discussion of the Bill presented in February 1974 by the Federal Government, the law of 4 May 1976 aims to ensure almost complete equality of rights and influence for labour and capital in the decision-making process in companies employing more than 2 000 wage-earners and not covered by the laws of 1951 and 1956. The supervisory board should have an equal number of shareholders' and workers' representatives and elects a chairman and vice-chairman from amongst its numbers by a two-thirds majority. If the necessary majority cannot be reached, shareholders' representatives appoint the chairman and workers' representatives the vice-chairman. The supervisory board then elects the company's management by a two-thirds majority of the votes cast.

In the event of failure to obtain this majority, a committee consisting of the chairman, the vice-chairman, a representative of the workers and a representative of the shareholders has the task of formulating recommendations to the supervisory board, which then rules by simple majority. In case of a tie a second round is organized in which the chairman has two votes. For all other business, if there is a second tie, the chairman has the casting vote in the third round.

France

Worker participation is mentioned in the preamble to the French constitution and French law lays down in legislation dating from 1945 (and since amended) that public companies employing 50 persons or more must allow two delegates from the works council to participate with consultative status in meetings of the board of directors or the supervisory board, as the case may be. Since 1972, in firms where the number of executive and supervisory staff is at least 25, the latter have constituted a special group and employees' representatives have been increased in number to four.

In public companies, wage-earners' representatives account for one-third of the seats on the board of directors and have the same rights and obligations as the other board members.

The Sudreau Committee recommended a new form of participation to be known as co-supervision, and intended to give workers information and a certain amount of control through representation with full voting rights on the board of directors or the supervisory board. Workers' representatives would hold only one-third of the total number of seats, in order that management's decision-making capacity would not be jeopardized. The government bill introduced in April 1976 recommends only minority co-supervision on an optional basis for firms with more than 2 000 employees.

Ireland

There is nothing in Irish law to prevent worker representation at company level, but nevertheless in practice it does not exist in the private sector. In the public sector, trade

unionists have sometimes been appointed to sit in the decision-making bodies of nationalized companies and the Government apparently intends to introduce worker representation in a number of commercial public enterprises by stipulating the election by wage-earners of one-third of the members of a company's governing body. Election would be by secret ballot and based on a system of proportional representation.

Italy

Worker representation on the boards of companies in the private sector is unknown in Italy, but does exist in some cases in the public sector. To date, neither unions nor employers' organizations have displayed much interest in the idea.

Luxembourg

A law dating from 1974 provides in Luxembourg for worker participation in the decision-making bodies of public companies employing at least 1 000 wage-earners (with worker representatives entitled to one-third of the seats on the board of directors) in companies in which the state holds at least 25% of the capital or which hold a state concession for their principal activity (with worker representatives holding up to one-third of the seats on the board of directors and with a minimum of three seats).

Staff representatives are normally appointed by the personnel delegations in a secret ballot and in accordance with a system of proportional representation. In the steel sector, the main unions are entitled to appoint three directors not necessarily belonging to the firm's labour force.

The Netherlands

Since 1971, Dutch law provides for worker participation in the appointment of members of the supervisory board of companies whose issued capital and reserves total at least 10 million guilders and which employ at least 100 workers in the Netherlands. The existing members of the supervisory board co-opt new members. New members may not be recommended either by a member of staff or by any union responsible for agreeing conditions of employment within that company. The general meeting and the works council can oppose appointment of a candidate if they think him unsuitable, or if his appointment would upset the board's balance. The supervisory board can then appeal to the national Socio-Economic Council which can declare the opposition unfounded.

The United Kingdom

In the public sector, the decision-making bodies of nationalized enterprises in Britain often include a trade unionist whose role is to represent the labour viewpoint, as opposed to the particular wishes of workers in that company. The British Steel Corporation, however, allows worker representatives to be trade unionists active in the steel sector. A Government commission has been appointed to study the question of worker participation in the public sector and a second (the Bullock Commission) for the private sector, where worker

participation is almost non-existent. The Bullock Commission completed its work at the beginning of 1977 and the Government has announced its intention of bringing forward legislative proposals on the matter as soon as possible.

IV. Shareholding

Worker participation in capital and profits exists in many Member States but with only a few exceptions, none of the existing systems give workers any real influence.

Denmark

In January 1973, a Social Democratic government proposed a law instituting a fund for the participation of wage-earners in investment and profits but, with the resignation of that government in December 1973, and the dissolution of Parliament, a new bill now has to be submitted.

Germany

The Federal Government grants a bonus of 30-40% of the sum invested, with a ceiling of DM 624 a year, to workers who acquire shares in the company for which they work. In addition, if the company allots shares to its workers at a price below their market value, the resulting profit to the wage-earner is not taxed providing certain conditions are fulfilled.

In February 1974, the Federal Government proposed new legislation obliging companies making an annual net profit of at least DM 400 000 to pay part of this profit into a fund on behalf of the workers. Every year, wage-earners whose earnings were below a certain amount would receive an amount from the fund. As yet, however, no bill has been presented and in view of present economic circumstances it is impossible to forecast when this will happen.

France

Under legislation drawn up in 1959, France has an optional system allowing workers to share in company profits, productivity growth, capital or self-financing schemes. The arrangements are negotiated as part of collective agreements, and the State grants corresponding tax concessions.

A further law adopted in 1967 introduced an obligatory form of participation in the profits deriving from company expansion in firms employing more than 100 persons. Workers rights so earned are not payable, however, until a five-year period has elapsed.

In the public sector, share allocation schemes have been set up for the workers in Renault and those working in national banks and insurance companies.

The Sudreau Committee believes that financial participation by wage-earners should be increased, in particular by the immediate payment of sums earned in obligatory participation schemes and that the system should be generalized.

Ireland

There are only a limited number of investment bonuses and grant schemes in Ireland.

The Netherlands

A bill submitted to the Dutch Parliament in early 1976 proposed the payment of 10-12% of companies' capital growth into a national fund. The payment would be made in the form of shares or capital growth certificates and part of the money would be earmarked to pay retirement pensions to company employees. The fund would be administered by union representatives.

The United Kingdom

Profit-sharing has never played a part of any importance in British labour relations.

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