Co-Determination
Keystone of Trade Union Policy

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WHAT IS THIS “CO-DETERMINATION?” Every American asks such a question very shortly after he arrives in Germany, because he seems to run into the word wherever he goes.

Co-determination (Mitbestimmung) is the word used to encompass the major present-day policy and program of the German trade-union movement.

Despite all the conversations, conferences, debates and millions of words written about this program, there has been little explanation of what it is. The reason probably is that trade-union thinking on details of the program is still in a state of fluid development.

The German trade-union leaders have felt the need of a clear explanation, for they have found it difficult to convey the idea they have in mind to trade unionists of other countries, particularly the United States and the United Kingdom. This difficulty comes both from the complex nature of the program and the terminology applied to it.

THE GERMAN UNIONISTS have presented the program behind a cloak of a broad and abstract concept, a complete body of theory — a method of approach beloved by the Germans, but alien to American methods and thought and difficult for Americans to understand.

German trade unions since the 1860's have been preoccupied with doctrine, political ideologies and programs, and elaborate systems of social and economic thought. They have been interested in organization and planning of the economy and controls over economic life since their beginning, and especially concentrated their efforts on such things in the days of the Weimar Republic.

This contrasts with the long period in American trade unions from the 1880's on where the main occupation along with idealistic support of freedom and justice of the Gompers era was business unionism, and the main objectives and efforts of the unions were exerted toward obtaining better wages, hours and working conditions.

American labor, since its early days, has pretty much eschewed the abstract concepts and theories and tended to approach its problems from a pragmatic point of view — a method of approach beloved by American unionists, who, impatient with theories, follow a practical sort of catch-as-catch-can opportunism, seeking what they can get when they can get it.

German unionists want a program to come into full bloom at one time, and since full programs rarely are evolved out of the give-and-take of the American method of collective bargaining, German unionists prefer to use legislation to try to bring about their aspirations in the complete form they want them.

THE PRESENT-DAY ASPIRATIONS of the trade-union movement of western Germany center around the concept expressed in the term Mitbestimmungsrecht, which has been somewhat literally and rather unhappily translated as the "right of co-determination or co-decision."

Union leaders have felt the need of a better translation, which would convey to trade unionists in other countries just what they have in mind when they use the word Mitbestimmungsrecht. They have felt that the phrase "right of co-determination" or "right of co-decision," used in English translation, fails to convey their understanding of the word to their fellow trade unionists elsewhere.

Now, this word, "co-determination," in itself conveys practically no meaning to the American trade unionist. As an illustration cited in Germany before parliament, when William Green, president of the American Federation of Labor, was asked about the statement of a German trade unionist that co-determination was widely practiced in America, he is quoted as saying it was "unknown in America."

A more literal translation as "right to an equal voice" or "right to have a say" would meet with much reader and more sympathetic understanding of what the German trade unionist has in mind because it would be full of connotations to the American who could find many instances in his own experience where the principle was in effect and labor "had a say" in the American economy.

MITBESTIMMUNGSRECHT, HOWEVER, is a much more extensive concept than such a translation conveys. The word has had a long time to take on meanings and to build itself into a broad concept, heavy with connotations. The broad structure which has been built up around the word is somewhat comparable to what the American trade unionist has built up around the word "democracy" itself, into which he reads many of his individual hopes and aspirations.

Mitbestimmungsrecht does not express to the German trade unionist merely the right of representatives of the workers to have a voice in a plant through a works council, or any such simple restricted idea. (In fact, the works council angle is getting less and less attention of union leaders.) It means a whole way of life, more particularly a whole system of economic life, which was expressed in a slogan of the days of the Weimar Republic as "economic democracy."
Thus, the idea of Mitbestimmungsrecht epitomizes to the German trade unionist the objective of democracy, industrial and economic self-government, a method or process of collaboration between public authorities, worker organizations and employer organizations, a full partnership in the general economy. This is a much broader concept than the labor-management co-operation movement in the United States.

The trade union doctrine is that it is necessary to supplement and to revitalize the political institutions of democratic government in Germany by certain centralized planning and controls of a system of industrial and economic self-government in which labor and management on an equal basis collaborate with the public authorities. The doctrine also holds that economic democratization depends more on such a federal-wide structure than on the system under which employees through a works council would participate in operations of a given industry.

The method differs from that in the United States where in collective bargaining both labor and management have had a tendency to try to keep the state out of labor relations (except in a few fields such as railroad disputes).

In Germany, on the other hand, the state has always been a more active participant in labor-management relations, and German labor has had the tendency of trying to induce the state to carry out trade union programs through political pressure instead of trying to obtain them directly from individual managements by negotiation.

Co-Determination (Mitbestimmung) has become such a complex idea that it requires many supplemental explanations to any definition as a system of economic democracy. Thinking is so fluid on the subject that it is difficult to get experts to agree on its meaning. Keeping this in mind, we offer this analysis:

The self-government of co-determination operates in the following two spheres:

1. In economic self-government on the plant level, i.e., on the individual enterprise level, where it means participation by representatives of labor with management in social, personnel and operational economic matters.

2. In economic self-government on a federal or governmental level, i.e., on the general economy level, where it means joint participation by labor and management in quasi-governmental economic agencies in deciding on economic policy in collaboration with governmental economic agencies.

In addition to these two spheres of operation, co-determination has been graded as to the degree of participation of labor in matters of joint concern to labor and management, with a technical term applied to each degree. Thus, analyzed according to the degree of participation, progressing from the least to the highest degree, co-determination is broken up somewhat like this:

1. Right to co-operate or participate in varying degree, with decisions remaining the prerogative of management — (Mitwirkungsrecht).
   A. Right to be informed about an enterprise or about a contemplated decision, or one already made — (Informationsrecht).

B. Right to be heard before a decision is made — (Anhoerungsrecht).

C. Right to participate in negotiations before decision is made, but without voice in the final decision — (Mitberatungsrecht).

2. Right to a voice and participation with management in making decisions — (Mitbestimmungsrecht). When the participation is on a basis of parity with management it is referred to as “full co-determination.”

Thus, we see, the two major phases of co-determination, based on the degree of participation by labor, are Mitbestimmungsrecht and Mitwirkungsrecht.

The employers try to emphasize the difference between them, preferring the latter, which means not the “right to help decide matters” but rather the “right to co-operate” with management in matters of concern to both the “social partners,” as labor and management are referred to in western Germany, but with all decisions remaining the function and prerogative of management. The right of information, right to be heard, and right to be consulted are all recognized as degrees of the right to participate or co-operate — Mitwirkungsrecht.

Union leaders believe that the best way to handle the self-government functions in the plant level sphere is through equal representation on the plant boards of supervision, and on labor-management economic committees to deal with social and economic matters arising in the individual enterprise.

They believe that the best way to handle the self-government functions in the federal economy level sphere is through equal representation with management on central and regional economic chambers, i.e., on labor-management boards, which have quasi-governmental functions, and co-operate closely with government agencies in dealing with matters on broad social and economic policy.

In the plant, they would have through their representatives a full voice in the industrial relations policy in such social and personnel affairs as hiring, firing, rehiring, layoffs, mass dismissals, appointments, promotions, regrouping of work gangs, transfers, recreation, company-owned housing, safety and health.

They would have through their representatives a full voice in such economic affairs as: reorganization, refinancing, mergers, sale of plants or units; change or essential alteration of the purpose of the enterprise likely to have major influence on employment or conditions of work; decisions likely to change the structure of the enterprise through change in buying, sales or production methods, introduction of new working methods; essential changes in the size of the enterprise through closing down, restrictions of operation, mergers and fusions; substantial changes of business capital, credits, capital investment; and use of profits.

In the general economy, they would have through their representatives the means of advising, guiding or implementing government policy in such things as allocations of materials, labor programs, production planning, distribution schedules; they would participate in.
decisions on mergers, shutdowns and supervision of plants; participate in proposals and directives for economic planning and controls; participate in consultative or advisory bodies attached to government agencies in the economic field; participate in bodies regulating trade, admission of exports, price controls, competition, supervision of the stock exchanges, and credit policies.

THUS, ECONOMIC self-government means labor's having a say not only in industrial relations, which is the field to which common understanding confines it, but also in social, economic and political affairs within the West German economy and at all levels from the local to the district, to the state, and to the federal level; it means giving the worker and his organizations a say in things which affect him, his way of living, his conditions of work, the welfare and well-being of his family and all workers like himself, in all phases and at all levels of the German economy.

Trade unionists see co-determination and socialization as two separate and distinct things. (Hans vom Hof, head of the Economics Department, German Trade Union Federation [Deutscher Gewerkschaftsbund, [DGB]], speech at Brunswick before the Lower Saxony DGB convention, July 12, 1950.) Complete state control is not the objective, but rather the checking of ownership in such a way that public control can be exerted. The objective is to raise all those who work to an equal status with those who claim ownership of industry.

Co-determination is a method or process of affecting economic policy, rather than having anything to do with actual ownership. Trade unionists would insist on the co-determination right as much under socialism, as under private ownership. Co-determination and socialization are mutually independent concepts.

As in the Weimar days, the labor movement takes its position seriously, considers itself the guardian of the country's welfare and protector of the country's welfare economy.

It looks upon trade union representatives on the board of an enterprise, or on one of the economic agencies, which it would establish, as a representative of the whole people. (Hans vom Hof, statement in Dusseldorf, May 18, 1950.)

THE TRADE UNION LEADERS are idealistic, and have the highest aspirations for the Germany of the future. Unless one understands this, one cannot understand German trade union policy; why the German Trade Union Federation adopts as its main objective at this time co-determination rather than higher wages.

The fervor with which the idea is backed by trade unionists comes out of beliefs based on the experience of the past.

Your trade unionist looks at the past and sees, according to his analysis, many mistakes made by Germany. He tells himself that those mistakes were made without the sanction of the ordinary German worker and citizen, and without any regard to how the working man felt about them. He feels that the only way to prevent such mistakes in the future, and to forestall their disastrous effects upon the worker and his family is to establish such a system that places his organizations and representatives in positions where they can avert them through having a voice in policies and programs before they are put into effect.

Unionists feel that if they had had a full partnership in the economy they could have averted political developments leading to the collapse of Germany in 1945.

"Employers did their best to create monopolies which guaranteed the totalitarian power of capital throughout the economy. Moreover, they developed considerable political ambitions," one leader said. "This political activity of employers was the very means used for sabotage of any trade union demands before 1933, and for the important financial and ideological support of Hitler and his regime. The last war and the German collapse can be considered the result of this development.

"The German labor movement does not want to hold the bag for this bunch of employers again; it should therefore be easily understood if the trade unions demand that genuine economic democracy is created to be the basis for a sound political democracy." (Hans vom Hof, DGB News Letter, June 20, 1950.)

The union leaders hold it must never again come to such a pass in Germany where the workers are the pawns of the people who make the agreements, where a czar of an industry can be free to contribute funds from that industry to the party of his choice, or where an exclusive state control of industry can place complete power in the hands of anyone who might get control of the apparatus.

THE TREMENDOUS HOPES the trade unionist has for accomplishments through the institution of a form of "unlimited" Mitbestimmungsrecht is illustrated by the May Day 1950 poster of the German Trade Union Federation, "Call of the Unions," which listed such diverse things as these which would derive from it:

Peace between Nations (Voelkerfrieden);
Full Employment (Vollbeschaeftigung);
Protection of Workers' Rights (Schutz der Arbeitskraft);
Social Housing (Sozialer Wohnungsbau) und
Creation of a New Economic Order (Neuordnung der Wirtschaft).

One of the top leaders of the DGB a month later gave the following as additional things the unions expect from co-determination: On the economic front, increased production, increased consumption power of the working population and increased standard of living for the common people; and, on the political front, means of overcoming the dangers of war and the recurrence of crisis. (Georg Reuter, DGB vice chairman, speech at Nuremberg, June 8, 1950.)

From these indications we can see that co-determination is conceived as a broad principle, really a whole system of social, political and economic thought.

The unions are more concerned at the moment with establishing the principle of economic democracy than the degree to which the principle is applied in any field.

For this reason they are interested in any manifestation of the principle in any field, and the trade union leaders are quick to point out, as a recognition of the principle,
any system, program or plan which gives labor representation in deliberations, in bodies or on agencies concerned with economic or social policy.

WHEN LABOR WINS equal representation with management on the boards of reorganized steel companies, or on the managing directorates of steel enterprises, the unionist points to this as a recognition of full co-determination. When labor is given a place on the advisory board of an industry, such as coal, while he may not be satisfied with the share in control of the industry given to labor, he points out the principle of co-determination has been recognized.

When a trade union representative is named as one of the delegation to discuss the Schuman Plan in Paris; or a number of trade union experts are named to the technical committee on the Schuman Plan, the trade unionist is likely to call it a recognition of co-determination in international economic planning.

When the government adopts a program which provides for trade union co-operation in naming German representatives in the economic or social field abroad, the trade unionist is likely to refer to it as a recognition of co-determination on a new international level.

When the federal administration consults labor leaders on a major economic policy, this, too, is likely to be pointed to as a recognition of the principle.

When trade union or works council representatives win the right to attend meetings of a board of supervisors or board of directors of an industrial enterprise, even if only for informational purposes, or when trade union or works council representatives get the right to observe the books of a company, the German trade unionist, even in these cases, is apt to refer to the action as a recognition of the principle of co-determination though technically it would be only a form of "Mitwirkung" unless the representatives participated in decisions.

WHEN ASKED WHY German trade unions don't go out in a militant way like American trade unions to seek higher wages in order to achieve a higher living standard as a major policy instead of choosing to fight for such an elaborate social and economic system, trade union leaders point out the differences in the German and American situation and experience.

The major block to starting a general wage movement at the present time is that the German union leaders feel that they have no control of the consequences which might come in the wake of a markedly higher wage level, and they have little confidence in those who do have within their power some possibility of controlling the consequences.

They feel that if they did go out and get a fair and equitable share of the fruits of his labor (industrial production) for the worker, increased wages and a better standard of living, that the raises would become merely nominal raises and not real wage increases, that the employers have it in their power to raise prices and wipe out any gains the workers might thus make.

Trade unionists in Germany have had little indication, they say, that the federal government, under the present setup would do much to protect any gains in living standards that the workers might win, and even less that employers might adjust their policy from one of low wages, controlled prices and production, and protected profits, for one of high wages, low competitive prices, efficient operation, narrow profit margins and mass markets.

Thus, they fear that any wage drive, without definite controls in which they would participate, would only start an inflationary spiral—a thing of dread to any worker, particularly in Germany, where many of the unionists have firsthand experience with runaway inflation.

Thus, labor wants the check reins of co-determination in their hands, particularly price and credit controls, before they set out on a concerted wage drive, and, in the meantime, seek modest wage increases on a local or district basis and wage an all-out struggle for co-determination.

SINCE THE SPECIFIC content of a federal law on co-determination has not yet been worked out, it is of course impossible at this time to discuss more concretely just what such a law will provide.

This article has been confined to a trade union explanation of co-determination. Views of employers, government, church and political party leaders have been excluded, as have examples of various degrees of co-determination in present laws of the various states and the historical instances of similar programs or of such legislation in the Weimar days.

It has not drawn any issues which have developed out of pressures to establish the program, nor pointed out any views except those of the trade unions whose policy it is, and whose force behind it has caused Mitbestimmungsrecht to become one of the major political, economic and social issues of the day in western Germany, and to attract international attention and intervention.

END

Europe Receives Bulk of Aid Provided by Save-the-Children Group

European children received the bulk of $2.500,000 in commodities and cash which the Save the Children Federation provided during the past year.

The private US humanitarian organization aided needy children in Austria, Finland, France, Germany, Greece, Italy and the United States by providing clothing, baby layettes, school supplies and funds for other necessities. During the first half of 1950, the organization sponsored five schools in Germany. Thirty-one German children were aided by clothing and cash distributed through local welfare agencies.

The federation reported there has been an increase in cultural exchange between nations through the Save the Children Crusade. Schools and individual children have exchanged albums, letters, pictures and educational materials.