

# Co-determination: *questions and answers*

**Q**uestion: Where co-determination structures are separated from collective bargaining – where issues are not subject to pressure in the form of withdrawal of labour – is the co-operation between the two parties relatively equal? Is there something approaching real power-sharing in co-determination, or does managerial domination still occur? Is co-determination not a vehicle which subordinates workers to management hegemony?

**Streeck:** In every system of industrial relations you need the capacity to go on strike. The strike doesn't disappear in the German or the Swedish industrial relations system. Every six or seven years you will have a major strike – to renew the mobilising capacity of the labour movement, and to renew the impression on the part of management that these people know what they want.

This doesn't detract from the fact that mobilisation and strikes are not good instruments to intervene in the manifold decisions that are being made in the modern workplace every day and that affect workers lives deeply. The tool of strike mobilisation is just too blunt for these things. In order to be able to make yourself heard in these respects you need the finer instrument of the application of rights.

In a capitalist society, in which the livelihood of workers depends on the prosperity of private enterprise, both unions and workers have to be careful not to take on board completely managerial ideologies or capitalist views of the world. At the same time they will recognise that if their industry or their company loses its competitive power then they, like the shareholders and bosses, will be negatively affected. That is a fact of life.

Co-determination is a process of changing or adding to the world view of workers and unionists. It's also a gigantic management re-education programme. In countries like Germany, Sweden and Italy – northern Italy in particular – it is today no longer possible for management to introduce a major restructuring project in a firm without taking into consideration the interests of workers, in terms of job maintenance, adequate re-employment, re-training and wage maintenance.

This practice has become deeply embedded in these countries not because managements are in any way less capitalist or



management-like than they are in South Africa, but because they've learnt that their projects will not move forward unless they take these viewpoints into account.

**Question:** You spoke about trade union independence as being crucial to the workings of this arrangement. I would imagine that it is difficult to maintain this independence at the micro-level given that workers there have less clout. It is no wonder therefore that many of the unions in Western Europe are quite weak. I want to know what you understand by trade union independence, and how it is important in this process.

**Streck:** I disagree with you on the weakness of unions in Western Europe. Unions can be quite strong without necessarily always going on strike. In fact, strike frequency is often an indicator of union weakness, and not of union strength. The country with the strongest union movement in the 1970s and 1980s had very few strikes, whereas America, where the unions were being done in by the employers, was very high on strikes. Strikes are often the last resort of a union movement that is being pressed to the wall by the employers. You know this from your practical experience.

As things become more complicated for the unions the main challenge is to move from the mobilisational mode of unionism

towards a mode of unionism that is capable of intervening in the more detailed, more complicated subjects of everyday working life. Unions in many countries have begun to embrace the idea of industrial democracy and co-determination as a tool for this.

A works council must be able to do two things at the same time. It must be able to talk with management about the technology that will be used in restructuring work on the factory floor two years from now – and expertly argue for one technology against another because it is better for workers. Then it must be able to explain to its members that the difference between the two technologies is relevant to their interests, and that the works council is defending these interests by engaging management so deeply and so early on the subject. This is not easy. But then being a union in a world in which capitalism has become globalised and more competitive is not easy generally.

**Question:** There seems to be an assumption in these discussions that the economic and political processes in South Africa are the same as those in Western Europe or industrialised countries generally, whereas they are very different. In South Africa we are dealing at the moment with some aspects of a first world economy, but also many aspects of a developing country – high unemployment and so on. We're coming out of a period of protectionism where there's enormous pressure for industries to restructure. And the industry restructuring process of the scale that is needed in South Africa cannot be a workplace issue – it's got to be an industry-wide issue with a strong input at a national level.

We're also dealing with a nascent and fragile political democracy. In these conditions the playing field needs to be levelled much more fundamentally before one can even begin to talk about co-determination working. There must be rights for all workers; a basic floor of organisational rights; a system of centralised bargaining; and much more effort given to human resource development. Without those things in place, co-determination will be more like a period of co-option of unequal partners at a workplace level.

**Streeck:** You're talking about human resource development and about basic rights for workers at the workplace. That's what you get through co-determination. Do you expect to have human resource development at the workplace just because management does it? Don't you agree that to have human resource development programmes that workers can live with, you need a strong representation of the workforce to negotiate these problems with management?



I don't agree that this country is 100% different from other countries. Spain and Portugal in the 1970s and 80s are examples of countries in transition from dictatorship to democracy with high unemployment and a very strong underdeveloped component – unemployment in the southern regions reached up to 50%. There was a need to institutionalise a democratic labour law after a period of fascist oppression. I'm not saying the conditions here are the same as in Spain, but you're not in a totally different league.

Everywhere in the world industries are being restructured as a result of the opening of world markets. The fact that tariff barriers are falling is not unique to South Africa. Maybe it's unique that everything comes at the same time, but the restructuring experience is global. You can learn something from these experiences.

**Question:** Co-determination makes decision-making a longer and slower process. Yet in this modern day the way companies and countries survive is through flexibility – the ability to make quick decisions, change products quickly and so on. Does this longer decision-making time not contradict the flexibility?

**Streeck:** What we find in the countries that we've looked at is that these complicated mechanisms of representation, consultation, co-determination and so on provide an excellent

background for the negotiation of flexibility. In a democratic labour relations system flexibility cannot just be based on workers doing what management tells them they have to do in order to respond to flexible or volatile markets.

Flexibility increases the insecurity of workers at the workplace, because in the old regime workers knew they would do the same job all the time. In the new workplace they would be told to do new things. This needs to be negotiated so that it is acceptable to them. They need representation in order to have flexibility. The more flexible the workplace becomes the more urgent the need to have some co-determination rights for representatives of workers.

Otherwise you have a kind of flexible despotism.

**Question:** Firstly, you've said that some of the issues that we would consider to be restructuring issues, like human resource development, are discussed at the local level, whereas the distributional issues are discussed at the national level. Isn't there a danger of issues that are properly national issues, for example the training framework or tariff protection, being localised rather than being discussed at a national level?

Secondly, can you tell us whether it's possible for co-determination to be managed by unions in the absence of works councils, and if so when. What are the implications both for unions and for the process of co-determination?

**Streeck:** I certainly did not mean to imply that restructuring questions can be dealt with only at the micro-level. I do think that a country like this needs a national industrial policy. That again is different from collective bargaining – it is about creating the conditions for industrial prosperity and competitiveness. It is about training and the education system. But it's also about technology transfer – the technological upgrading of small firms for example.

However the macro-strategy for industrial restructuring needs to be supplemented by on the ground enforcement mechanisms that make sure that if one has a national vocational training policy it is actually implemented at the local level. There again something like works councils and co-determination are extremely useful.

If you have training schemes that involve the workplace someone has to watch that employers do not use trainees as cheap labour. Who can do this better than either a union or a works council?

One can have unions and not works councils as agents of co-determination. Northern Italy is a place where this is widely done. What unions do in such circumstances is actually to set up workplace based councils that frequently are elected by all workers, not just union members. These are then treated differently from collective bargaining bodies.

They work very closely with the employer to see what the employer is up to, and make agreements with the employer on information, consultation and sometimes co-determination rights. Where unions drive this and where there is no supportive legislation there is very often a lot of information and consultation but little co-determination.

In Sweden where there is some legal facilitation you get union based co-determination with actual co-determination rights. It is possible for unions to drive co-determination, without legal co-determination rights, but it requires a strong, centralised, skilled trade union movement, that you may not necessarily have.

**Question:** Firstly, I would like to know to what extent co-determination is linked to the evolution of social democracy as an ideology and a framework. Social democracy came about in particular because of the post-war boom and the conditions that were there for capital accumulation. Those conditions have now come to an end. How does that impact the future of co-determination? To what extent therefore would one be able to have co-determination in a context like South Africa that does not have some of those characteristics?

Lastly, I perceive a prison of co-determination that only looks at the micro-foundations. It is not looking at other things like investment decisions – some key questions that I think workers would like to influence. Why is that and what is the future therefore of co-determination?

**Streeck:** On the question of social democracy as an ideology and to what extent it is linked to co-determination, I would think that although social democracy has very great problems today for many reasons, one thing that is also clear is that there's much in the heritage of social democracy that will survive independent of the general context of social democratic government.

The idea of co-determination is something that has not only survived, but that has become more important with the restructuring of the workplace. In such a world co-determination, regardless of its social democratic background, may still be a very important tool for workers.

The privileged position of Western Europe in the globalised economy is rapidly eroding. They have to struggle very hard to maintain their position and their standard of living. The important thing, however, is that in Europe workers' movements in the last 100 years have been able to build up power resources and institutional conditions and rights. From your perspective these countries are not so much something to study for the wealth and the prosperity that they have achieved, but for the tools and instruments that the labour movements have developed in the last 100 years to defend themselves. ☆