

"... the concentration of the world's most important industry into fewer and fewer hands ...makes it paradoxically the one industry which could conclude a truly world agreement on labour relations and workplace social organisation."



Three divergent models of management-labour relations are emerging in the auto industry worldwide. DENIS MACSHANE of the International Metalworkers Federation discusses German co-determination, American de-unionisation, and Japanese company corporatism. He proposes an international trade union strategy to reshape the industry to take "the best of all worlds".

All during the 20th century the car industry has been the single most important part of economic life in any country or region. Making and exporting automobiles is at the centre of the economic existence of successful market economies like Germany and Japan. When Lenin wanted to modernise Bolshevik Rus-

sia, he begged Henry Ford to open a car plant in Gorki. The new Asian economies like Korea are car economies, or like Taiwan and Malaysia, car component economies. Britain is rebuilding a modest industrial base by inviting Nissan, Toyota, and Honda to produce cars there.

The expression, 'For-

dism', has come to be used as a description for a whole way of life: mass consumption based on workers' ability to buy cars and other consumer goods, and so keep economic wheels turning fast forward. For decades, academics have turned out theories about the car industry, producing theoretical models faster than the car

companies produce new models for sale. The latest theory is based on so-called 'lean production' involving a decreasing number of flexible, multi-skilled workers producing an increasing number of automobiles based on just-in-time parts delivery, total quality control, and enhanced computerised control.

Parachute a British car worker, engineer, or manager into a plant anywhere else in the world, and he or she would feel quickly at home. There may be differences in the number of robots, in the line speed, in the flow of parts, and in the cleanliness of the plant - but from Detroit to Dagenham, from Tokyo to Russia's biggest car plant in Togliatti, car assembly plants are all much the same.

Same technology, different management

But while the means of production are highly similar there is a growing divergence in the social organisation of the industry. Although car firms are promiscuously inter-marrying (Ford with Jaguar and Mazda, General Motors with Saab, Volvo with Renault, Volkswagen with Seat and Skoda, and Daimler-Benz with Mitsubishi), so that worldwide there are no more than a dozen car companies, the divergences between the organisation, working hours, and workplace rights of car workers in different countries have never been greater. Moreover, the differences between



a European, an American, and an Asian mode of workplace relations are becoming greater.

Four significant developments since 1990 show that a common means of production does not require a common means of social organisation in the workplace.

Germany: co-determination, shorter hours

In Germany, the auto industry has opted for a policy of high pay and a short working week, based on a constant modernisation of equipment. Volkswagen alone has DM15 billion available for investment in the next few years. By 1994, German car workers will be on a 35-hour-week.

In a remarkable interview with the Paris daily, *Libération*, Daniel Goeudevert, the French-born Number Two at Volkswagen, throws a bucket of water over the relentless attack on wages to cut costs that has obsessed car industry managers in most other countries. "I could attack labour costs but we have to pay for social consensus," said Goeudevert. "I won't do it because the worst thing in the world is to have unpredictable reactions from the unions. The price is high, but the long-term advantage is that the machinery keeps working and we avoid unpredictable interruptions that are

the most costly."

At the end of 1991, Volkswagen settled a 7% pay deal for its employees, well above the German inflation rate. This will set the rate for other car and industrial workers in industry-wide negotiations to take place early in 1992.

France: conflict and union-bashing

In France, although Renaults are produced across the Rhine in similar factories to Volkswagens, a radically different policy has been implemented with disastrous results. French car manufacturers have sought to use as cheap labour as possible and have treated unions with implacable hostility. The politically-divided French unions have the lowest membership - between 5 and 10% of the workforce - of any industrialised country. Strikes arise, and are co-ordinated spontaneously, led by shop-floor activists. A small squeeze on wages can lead to disputes such as the 19-day strike at a small Renault engine plant near Paris. This strike, in the autumn of 1991, shut down the entire Renault operation because the adoption of Japanese-style just-in-time delivery of parts makes all plants vulnerable to a stoppage in any single one.

Although France's combative communist union, the CGT, offered itself as leader of the strike, the majority of strikers were not members of



The auto industry: major economic sector in the 20th century

Photo: Cedric Nunn

any union. The Renault strike has shocked the French company's new partner Volvo, as the Swedish company has a much closer relationship with its workers and their unions than would be conceivable in France.

A decade of socialist rule in France has not addressed the problem of workplace relations in any significant way. Some French companies are so desperate about the absence of 'social partners' that they are offering to pay the union membership dues of their employees so that, at last, a French boss can have a union to negotiate with.

But, possibly, because of the highly politicised, class-rhetoric style of the CGT, most French bosses such as the heads of Renault or Peugeot still appear to hate unions and despise their

workforce. The answer, according to the French prime minister, Edith Cresson, is the 'Germanisation' of French industrial relations.

As the Renault strike dragged to its bitter, unhappy end she said that Renault ought to have German-style *Mitbestimmung* or co-determination, with workers sitting on the board of directors.

French unions were pop-eyed at the thought and, like other Cresson utterances, this one may just have captured a headline to fade away. Yet the German model is making inroads elsewhere. The Italian CGIL confederation congress in Rimini in October 1991 voted for an examination of co-determination.

The creation of European Works Councils, for Ford amongst other car industry

firms, is having something of a similar effect in Britain where the Trades Union Congress at its convention in September 1991, heard calls for serious consideration to be given to the creation of works councils - an historic break with the union-based model of worker representation in Britain.

Britain: Japanese car firms move in

The agreement in October 1991 between the British metalworkers' union (AEU) and Toyota, also focused on partnership as opposed to adversarial industrial politics.

Toyota will set up a 17 person works council, consisting of 10 representatives elected by the workforce and seven managers. This is not the same as a German works council which is a worker-

only body with wide powers, nor will the AEU sit on the Toyota board in the same way its sister union in Germany, IG Metall, has its people on the board of Volkswagen, Daimler-Benz and other companies.

The Toyota deal has attracted its critics. As the London *Guardian's* observant industrial correspondent, Seamus Milne, noted: "Its sweeping rejection of job demarcation combined with Japanese management and production techniques, will mean a sharp intensification of the competitive pressure on British-based producers. For the rest of Europe 'transplant' car production by Nissan, Toyota and Honda represents the Trojan horse for a flood of low-cost Japanese imports, as the EC market is opened up to Japanese competition by the end of the decade."

In fact, the Japanese car firms have probably kept the British car industry alive. The anti-industry, pro-rentier economic policy of the Tory government, appalling management, and shop stewardist multi-union factionalism had run the national auto industry of the UK into the ground by the early 1980s.

In the United States, Nissan and Honda have spent scores of millions of dollars to stop the unionisation of their plants, and the Toyota plant is also non-union. Toyota's agreement to recognise the AEU in Britain shows the different climate existing in a



Social Charter Europe (even in Britain run by the anti-union Conservative Party) compared to the US.

The United States: de-unionisation

Meanwhile, the de-unionisation of the American car industry is spreading despite major organising efforts by the American car workers union, the UAW. While the assembly plants of the big 3 - General Motors, Ford and Chrysler - remain unionised, most Japanese transplants are non-union, as is most of the car components sector.

Under the proposed free trade deal between the US and Mexico, the way will be open for much more of the US car industry to transfer production to Mexico, where wages are low and unions are fragmented. There are 1400 unions alone in the metal industry sector and they are virtually powerless.

The only experiment in German-style worker participation in recent US history - a seat on the Chrysler board for the President of the United Autoworkers Union - recently ended. There appears to be no desire in North America to experiment with the European movement towards works councils or worker-union representatives sitting on the board of directors.

American unions *have* sought co-operative relation-

ships with auto companies in the past decade. In Ford, in particular, the UAW has created joint programmes for training which have been innovative by any standards. Yet North American unions have not sought a new institutionalisation of workplace relationships in the direction of a dual power system based internally on works council and externally on unions. Perhaps this is because they operate within a hostile political climate generated by viciously anti-union governments and employers.

In that sense, North American unions operate within the traditional framework which regards any worker or union involvement in company direction to be unacceptable class collaboration. It is a position shared by both Samuel Gompers-style confrontationists (so-called business unionism in America was and is as ready to go on strike for economic ends as any Marxist-run labour organisation) and by *Wall Street Journal* neo-liberals. Both seek a clear and unmistakable separation of power and roles between labour and capital. The latter want a minimal role for unions, the former want a bigger role, but both are unhappy about workers having formal legally-protected representation rights outside the union framework.

But the evidence is clear that in Europe adversarial labour relations, in which two fighters swap blows, is giving way to what might by

**Co-determination:
worker-management partnership, or
transfer of power from capital to labour?**

Interestingly, in South Africa, which has developed one of the most combative class-conscious trade union movements in modern history, the major new agreement signed after a 13-week strike in the car industry in mid-1991, is based on a joint employer-union deal to maintain jobs but control unofficial strike action. It has been hailed by some South African commentators as the first step towards co-determination in South African industry, as both sides seek a post-apartheid industrial relations settlement.

More cautious analysts have questioned whether white South African management can change its spots and concede easily the power, reinforced by apartheid control mechanisms, that has been exercised over South African workers. In any event, agreements to exercise joint control in some areas do not remove other sources of conflict, and indeed can generate new areas of disagreement as union and bosses haggle over interpretation and application.

Furthermore, buzzwords like 'partnership' and 'co-determination', whether in Britain, South Africa or anywhere else, require careful definition. In particular, the German term, *Mitbestimmung*, translated into English as 'co-determina-

tion', is a concept developed theoretically by the German left in the 1930s and put into partial practice after 1945. It involved a formal, legal presence of worker and union representatives on the boards of companies, legal (not negotiated) rights for works councils to have a say in management decisions plus access to company information, and a network of labour movement support-structures to police and research the continuing working of *Mitbestimmung*.

Conceptually, *Mitbestimmung* is not seen as worker-management partnership (though that is often the end result) but an economic and political transfer of power from capital to labour. The architects of *Mitbestimmung* theory saw it as extending to co-determination beyond the workplace - in all areas of economic and social decision-making in post-war Germany.

Unfortunately, such democratic socialist theory, although eagerly supported by German workers after 1945, was not acceptable to either the Stalinist politics which arrived with the Red Army in East Germany, or the pure capitalist theories supported by the Americans in control in Western Germany in the post-war period. ♦

called sumo labour relations, in which two wrestlers are locked in permanent embrace, and victories are celebrated in no-loss-of-face rituals rather than blood and brains splattered on the floor. In sumo labour relations unions have to remain class-conscious, combative and able to communicate with members, public, and employers. Their role becomes more, not less necessary, as industrial relations become decentralised and internalised within companies.

**Japan:
job security,
long hours**

As there is a growing gap between American and European approaches to workplace relations in the car industry, there is an even greater gap opening up with Japan.

As car factories and production methods increasingly resemble each other across frontiers, other factors have to explain the superiority of one nation's industry over another. One reason for the success of the Japanese car industry is that neither Europe nor America have fully succeeded in converting their car industries to Japanese-style 'lean production'.

But there is an equally significant, if rarely discussed, reason for continuing Japanese superiority. The answer is more and more clear. In Japan there is a superhuman level of working time. Toyota employees in Japan now put in an average 2 300 hours of work a year.

This is 30% more than the annual hours to be worked under the AEU-Toyota agreement in Britain, 25% more than the US car industry working hours, and nearly 50% more than the 1600 hours a year German auto-workers will work with their 35-hour-week.

The Japanese working



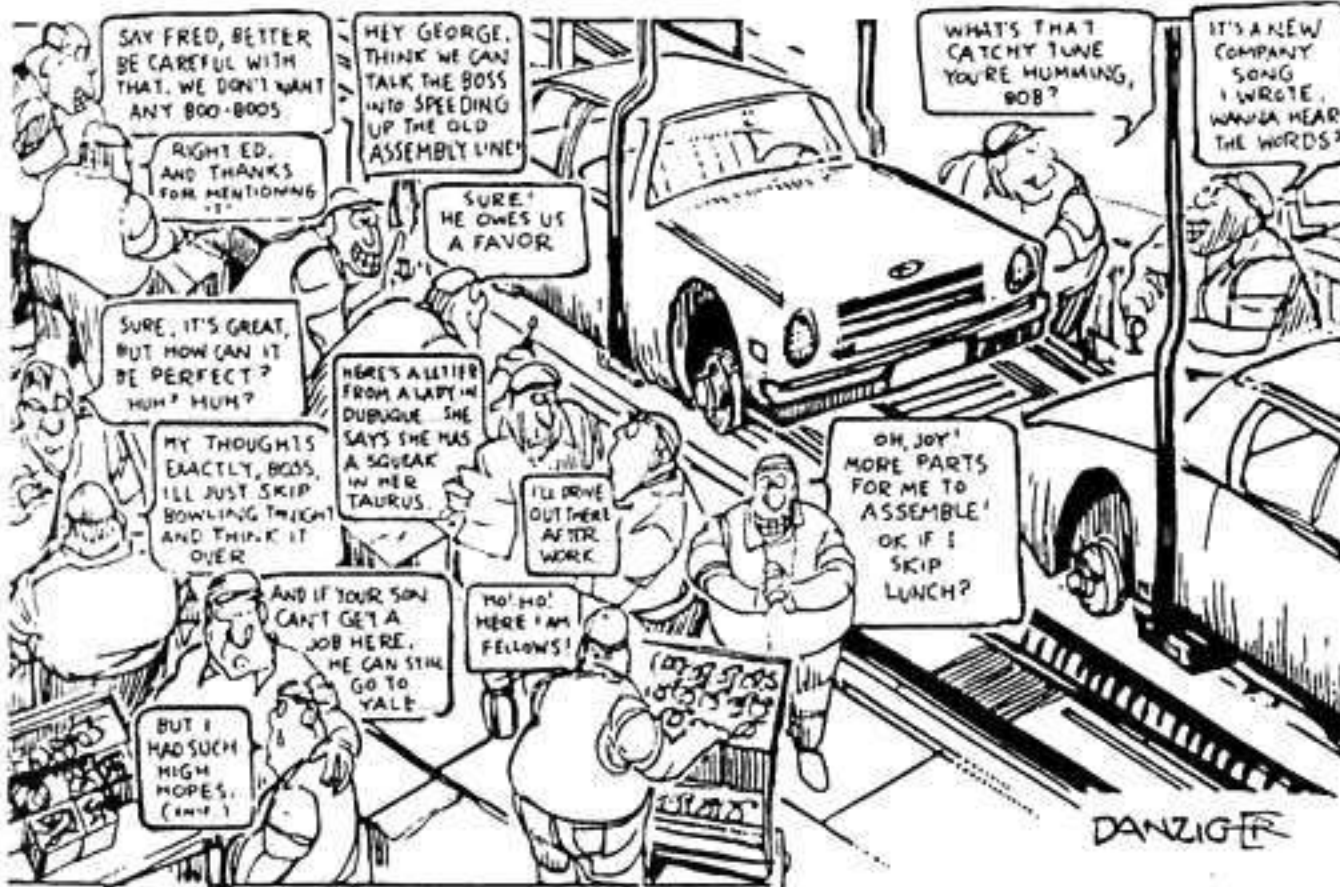
cars produced per employee.

Ten thousand people a year die in Japan from *karoshi*, or overwork. In the United States and England, the Japanese companies have selected young workers to

company's face. "I have looked at the line speed at Nissan, seen the age of these young men, and wondered how long they can work like that. It is not fear of losing their jobs, but peer pressure: if they slacken off, the rest have to work harder.

"This is what they have copied from Japan. If it is not coercion then it is very close to manipulation. It may be ten years before we know whether the way they work at Nissan is healthy, or whether the price of this success is too high," Sadler said.

Neither the United States nor Japan has copied the move towards a shorter working year, or week, which has been one of the most significant social gains in Europe in the last decade. In the AEU-Toyota agreement a 39-hour-week is stipulated. This contrasts with the general 37-hour-week



'I like my job' - Japanese techniques come west

Graphic: ILR

in the metal industry won by the AEU and other UK metal unions after 20 months of industrial action in 1989-1991.

The price for securing union recognition at Toyota, and avoiding the US pattern of non-recognition, was for the union to backtrack on a major achievement of reducing the working week.

It is interesting that in Britain the Japanese companies fought hard to maintain longer working hours in comparison with other car companies, especially the German car industry. When Toyota UK comes on stream

week is now longer than what it was in 1975. Despite the immense gains in Japanese national wealth, the distribution of it in terms of social benefits such as reduced working time has not even begun to approach European or American standards.

Of course, internal factory organisation in Japan, including team-working and flatter wage differentials, make a major difference, but the large number of extra hours put in by Japanese car workers give Japanese companies the edge in most international comparisons of

operate lines which move faster than in traditional companies. None of the Japanese transplants is more than a decade old, and all have been sited in areas of high unemployment where jobs are at a premium. In Asia, where Japanese firms have been operating longer, there is a growing number of strikes in Japanese-owned plants as workers finally revolt against such pressure at work.

In England, Durham University's Dr David Sadler believes that the work-rate at Nissan's Sunderland plant in the UK may explode in the

in 1994, its workers will work 188 hours more than Ford workers in Cologne or Volkswagen in Wolfsburg - the equivalent of five extra weeks production for English Toyota!

Three divergent trends

Taken together, one can see three major and diverging modes of social or union organisation developing in the car industry.

- A European mode based on co-determination, union recognition, high-tech investment, flexible work, a declining workforce and a short working week.
- An American mode based on adversarial bargaining, protection of workers through seniority and traditional work-rules, and declining unionisation - especially in Japanese-owned companies - and a working week largely unchanged in forty years.*
- A Japanese mode based on full incorporation of workers into the company, flat pay differentials (in Japan), job security, and highly exploitative long - and getting longer - hours.

For workers in each of these three modes there are specific advantages which are not lightly given up. For American unions, to gain partnership but accept flexibility would undermine the work rules that protect the majority of dues-paying members.



For Japanese workers, to resist long hours would be to deny their companies the profitability that guarantees them job security.

For European unions, to reject the move towards enterprise-based democratic corporatism would expose them to a concerted de-unionisation offensive.

Nor are the different modes rigid. Undoubtedly the Japanese car companies in the United States and in England are seriously altering traditional British and American social relations in their workplaces. This has knock-on effects on labour relations in other car companies and in neighbouring countries. Volkswagen has just bought 70% of Skoda, the Czech auto manufacturer. Wages in Czechoslovakia are one tenth of neighbouring Germany. The arrival of Eastern Europe as a low-cost, third-world type assembly area for automobiles will have consequences on organisation in West Europe.

But as trade unions worldwide search for common policies on industrial relations - a process highlighted by the formation of European Works Councils - the divergences are more glaring than are the common bonds that should, according to tradi-

tional labour internationalist rhetoric, hold together workers in different countries but in the same industry.

New vision for the unions: who will take it up?

A solution could be found in taking the best of all worlds: European industrial democracy or co-determination plus short work hours, combined with American protection of workers on the job, combined with Japanese employment security and flat pay differentials linked to team working. But this would require a revolution in the institutional thinking and outlook of most unions. It would also be impossible to implement without a major restructuring of the automobile industry.

Concepts such as planning, workers control and social ownership are taboo in the new 'All Power to the Free Market' world in which we live. Yet the concentration of the world's most important industry into fewer and fewer hands - the number one bosses in the global car industry are so few they would all fit into a big limosine - makes it paradoxically the one industry which could conclude a truly world agreement on labour relations and workplace social organisation.

But who will identify this prize and organise to reach out and grasp it? ☆

* According to estimates made by economist Peter Unterwiesing, formerly of the UAW Research Department, now head of the Auto Department in the IMF, only 40% of the total workforce in the US auto industry will be unionised by 1993. In the 15 years since 1978, UAW auto industry membership will have sunk from 900 000 to 500 000.