

## EDITORIAL COMMENTS

### *Industrial Democracy in Britain*

The future progress toward the establishment of a more effective framework for employee participation in decision-making in British industry appears once again to be shrouded in obscurity. The long-awaited Bullock committee report<sup>1</sup> was finally published on January 26, although many of the most significant of the majority and minority recommendations had earlier been leaked to the press.

The majority report recommends the adoption of a single-tier board structure, with board members being elected on a "2x plus y" formula. Company shareholders and trade unionists would be equally represented in the "2x" group and the smaller "y" group would be jointly chosen by shareholders and union members. This formula for board elections would apply to all parent holding companies and operating subsidiaries with over 2,000 employees. Worker directors in the "2x" group would be company employees who would be elected by union members only. Non-union employees would not be entitled to take part in this election and outside union officials would only be eligible for election to the board if they were chosen for the "y" group. In order for such a scheme to be introduced within a company, the unions affected would be required to lodge a "claim", with all company employees voting on the "claim". Once the claim was lodged a joint representation committee of all unions involved within the company would be established; this is a feature of special significance in view of the fragmentation of trade unions within British industrial life.

The minority report, subscribed to by the industrial employer representatives on the Bullock committee, is in stark contrast. According to this view, a two-tier board structure should be established with employee representatives on the supervisory board but not on the management board. The supervisory board would consist of three groups of equal size, representing shareholders, management, and employees. The employees group here would comprise shop floor, salaried staff and managerial representatives; it would be jointly chosen by shareholders and employee directors. Worker directors would be required to be employees of ten years standing within the company. Such a scheme would be introduced on the recommendation of an "employee participation council", which

1. *The Report of the Committee of Inquiry on Industrial Democracy*, Cmnd. no. 6706.

would be established for a period of three years and only within companies with over 2,000 employees but excluding banks and most financial institutions and their subsidiaries.

The dramatic contrast between the majority and minority views on the evolution of industrial democracy in Britain has been accentuated in the debate that has followed the publication of the Bullock report. There is a clear indication of a division of views within the Cabinet and little prospect, because of the confusion in the Government's present legislative programme which has been brought about principally because of the collapse of the initial Devolution Bill, of the early introduction of a Bill to implement the majority proposals or variations upon them. A number of the most powerful Trade Unions will wish to require evidence of the sincerity of the Government's intentions with regard to future company structure legislation before they consider the support they are prepared to give to the next stage of pay policy and to the continuation of the "social contract". In any event, pressure within the Unions in favour of a return to free collective bargaining on pay and differentials this year will be difficult to resist unless an attractive *quid pro quo* is offered. On the employer's side, the Confederation of British Industry has expressed determined opposition to the majority report and an unwillingness to collaborate in any Government proposals which would lead to the imposition by law of union-nominated directors on company boards, a parity of representation for union-nominated and shareholder-elected directors, or to a union monopoly in the election of worker directors. There are signs that the C.B.I. no longer identifies company interests exclusively with shareholder-interests and would support a movement toward worker participation below board level. This approach will certainly not satisfy the Trade Union Congress, which is only too well aware that a radically new approach to British industrial policy was a central promise in the present Government's election platform. The prospect of an indeterminate period of industrial trench warfare, given the existing condition of the British economy and industrial relationships, is profoundly depressing. The Bullock committee report makes, of course, frequent reference to the progress of thinking on employee participation and the company structure within the European Community. Perhaps all sides of the current debate, whilst aware that they must work toward positive developments that are appropriate to the rejuvenation of the industrial society within Britain, should be reminded again of the reasoning of the Commission in its "Green Paper" of November 12, 1975:

"Too great a divergence in the laws regulating the role of employees in relation to the decision making structures of companies constitutes not only a barrier to cross frontier movements of companies, capital

and employees, but, more fundamentally, it is also a denial of the idea of a Community as far as employees are concerned. If the Community is to be a reality for employees, as well as for companies and the holders of capital, then the rights and legal status of a company's employees cannot be allowed to remain well developed in some member States, but limited or rudimentary in others.”<sup>2</sup>

2. *Employee Participation and Company Structure in the European Community*, COM (75) 570 final, at p. 6. Now also published as Suppl. to the Bull. of the E.C. No. 8/75.