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European Industrial Relations. A Resource for the Reconstruction of the American System Le régime des relations professionnelles en Europe. Un exemple à suivre pour le système américain

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Article abstract

European industrial relations Systems have in the last two decades been creative and expansive and intimately integrated into their respective national economic, political and social fabric. Their experience provides a revitalized source of information on the roles of trades unions and collective bargaining in a democratic state and as a countervailing force to the power of business both on the national and international scenes.

European Industrial Relations

A Resource for the Reconstruction of the American System

Solomon Barkin

European industrial relations systems have in the last two decades been creative and expansive and intimately integrated into their respective national economic, political and social fabric. Their experience provides a revitalized source of information on the roles of trades unions and collective bargaining in a democratic state and as a countervailing force to the power of business both on the national and international scenes.

After a century of parochial absorption in the American system of trade unionism and collective bargaining, it is not surprising that the leaders display little interest in foreign developments. Though the roots, concepts and even terminology of the so-called American system may be found in Europe, particularly Great Britain, both unions and managements tend to ignore and at times, abjure the industrial relations in these countries of origin. Factional controversies in the trade union movement before World War I reinforced this aloofness and later developments produced a severance from the international movements. Though this estrangement has been patched up from time to time, the distance persists. American employers basically unfriendly to unions and collective bargaining parallel this outlook. Overseas systems remain foreign to their self-interest and orientation, even when they operate plants abroad.

In the early post war years American political leaders and trade unionists proclaimed the American system to be the model for world industrial relations and worked vigorously in occupied countries to implant and in others to tutor leaders in the elements of the system. When the results proved meager, Americans literally abandoned the program and lost interest in international industrial relations developments. However, the AFL-CIO persisted in a modest independent effort to support foreign anti-

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communist union movements. If it was expected that American transnational corporations would develop an intense understanding of foreign systems, this never happened. Aside from introducing individual personnel practices, most of them retreated to a state of superficial conformance with local practice, maintaining as much management authority as possible and contesting where possible for extension of employees' role in corporate decision-making.

Nevertheless, news of specific innovations did penetrate the national frontiers, as in the case of worker representatives on boards of directors or negotiated worker savings systems. The reaction is invariably negative. But instances have arisen of such penetration. The AFL-CIO signed a National Accord with the Carter Administration spelling out agreements on principles of economic policy, including wages and prices and the quality of the human environment. President Lane Kirkland acknowledged the similarity of this instrument with the Social Contracts in Europe. The proposed appointment of Douglas Fraser, President of the United Automobile Workers, to the Board of Directors of the Chrysler Corporation represents another break-through. Federal laws grant unions emasculated rights in the administration of Federal health and safety standards, a timid resemblance to the extensive powers enjoyed by their European counterparts. Trade unions are also granted funds for general, vocational and health and safety training of employees, a procedure commonly and more liberally financed abroad.

American isolation has reinforced parochialism and lessened the degree of constructive self-examination. While the author sounded an alarm twenty years ago in a book entitled *The Decline of the Labor Movement and What to do About It*,¹ it was only in the last few years that individual union leaders reechoed this concern that trade unions and collective bargaining have shrunken in the private sector and that union clout in the halls of Congress and with the Administration had diminished. Management for the most part has withdrawn its public endorsement of the American system of collective bargaining. No longer do we hear of programs underscoring the contributions of collective bargaining to our national well being as we did in the fifties in the studies of "Industrial Peace".

This is a time for the reevaluation of American trade unions and collective bargaining in a democratic state and its role as a countervailing force to the power of American business, an original goal of the 1933 Act introduc-

1 Santa Barbara, Cal., Center for the Study of Democratic Institutions, 1961.

ing section 7 (a), the basic charter for our system. In undertaking this inquiry no more relevant source of information is available than European experience which has in the last two decades been buoyant, creative, and expansive. A useful format is to consider select European developments.²

SCOPE OF UNION ORGANIZATIONS AND IMPACT OF COLLECTIVE BARGAINING

Despite the existence of laws underwriting unionization and collective bargaining, the American procedure of certifying agents for each bargaining unit, legitimates direct confrontation between unions and employees and employers breeding a continuing series of miniature class conflicts, a denial of the law's original purpose and converting the government's stance from that of a promoter of collective bargaining to that of a neutral in such contests. In contrast, the European system builds on the universal acceptance of unions and collective bargaining. National union or federations of unions are authorized, independently of the degrees of union penetration in specific plants or industries, to negotiate national or regional industry agreements with employers represented by their associations. The agreements are blanketed over all employer members or over areas by governmental decrees. Agreements with individual plants follow the negotiated patterns as do the remaining unorganized units. The consequence is a highly uniform set of conditions and terms of employment. They have no need for a National Labor Relations Board and its litigious processes. Industrial relations are not beset by high rates of industrial disputes, nor is there a heterogeneous disarray of labor standards among competitive employing units, prompting legislation to bring up stragglers.

EMPLOYEE PLANT/ENTERPRISE REPRESENTATION

In the European system a plant communication and bargaining structure does not follow from the signing of the framework agreement. It must be specifically created through union efforts or independently by law. The latter often prescribes for the formation of works councils, employee safety and health committees and union shop steward systems. As for the works councils, their scope of interests and powers has grown particularly in the last four decades. They are generally entitled to initiate complaints, secure

² British experiences are not easily encompassed within this summary.

information, including intimate economic and financial data, to be consulted on many significant industrial relations and economic issues, to determine jointly with management policies and action on many subjects and to administer plant social and benefit agencies. Unions have invariably fought for the extension of these rights and powers even though they are doubleminded about the councils where they are created by law. In many countries, they have sought to control and in other instances to replace them by union agencies without losing the legal advantages the councils possess. Managements unfriendly to these systems have avoided or delayed their formation or when constituted have used them to ward off union agencies. Nevertheless, the total collective bargaining system continues to function. The local systems of employee representation usually administer the framework agreements and negotiate supplements thereto, usually providing employees with additional benefits and gains. Through the advisory or codetermination functions employees have a considerable impact upon policy and its administration. With the spread of employee or union representation on company boards of directors this influence has deepened. There is evolving an articulated ladder of employee influence upon economic work and social policies and regulations stemming from the job running through the plant and enterprise and reaching the national level through Social Contracts between unions and government.

Unlike the United States where union penetration of the work force is estimated as being below twenty percent of the private sector, the coverage in European countries is constantly expanding. Here it embraces all rungs of employees reaching from the blue and white collar employees through the technical, professional and administrative categories, often to the very directors themselves and the full gamut of industries and services. The coverage varies from forty to eighty percent, differing among the countries.

UNION STRUCTURES

American Unions have evolved into truly mixed institutions of craft and industrial units. Industrial distinctions have been loosened. National unions are often as conglomerate as large corporations. But the latter have gone the unions one better by become multinational in character. American unions have in some instances released their Canadian affiliates. Overlapping jurisdictions are common, mitigated by the prevalence of unit bargaining systems. European national industrial unions have maintained their jurisdictional lines and remained highly stable. Differences among them are more rationally resolved. Coordinated bargaining where relevant is practised and central federations are more assertive as to the direction of mergers.

While national union autonomy is respected, constituents closely follow national federations policies.

RELATION TO POLITICAL SYSTEM

Having comforted itself until recently that the "lobby-oriented" tactics and "support your friends" policies had won it great gains in national and state legislative and administrative and executive branches, recent weaknesses are demanding the reassessment of the system.

The European approach has been very different. Unions as parts of the labor movement support Labor or Socialist parties. Even confessional unions maintain their union position, generally quite similar if not identical with that of the other unions, within the confessional parties. Both branches respect each other's autonomies. Though Labor parties have modified their doctrines to gain greater support outside of their traditional constituencies, they did not surrender their basic commitments. In office, they invariably advanced mutually defined programs, even the far-reaching Social Contract, covering a wide range of policies stretching beyond direct industrial relations issues. The most impressive advances have come during the last two decades when labor and left-centrist governments have been in office. Even when center-right or center coalitions replaced the above, the rate and not the direction of change was altered. Governments as crisis managers must acknowledge the aspirations and views of the numerous and powerful trade union following.

CONDITIONS AND TERMS OF EMPLOYMENT

For more than a century American employees enjoyed the highest earnings and benefits and independence. No other country could claim to be in reach of these standards. But during the last two decades the position has been changed. Recent improvements in earnings in the United States have hardly been sufficient to keep abreast of spiralling living costs. Benefits have only been modestly improved, with no significant innovation being reported in this area. In contrast European unions can boast, particularly in West Germany, Norway, Sweden and Switzerland that their labor standards are in the forefront. Their earnings are the highest, their jobs are more secure, the social benefits are more numerous and extensive. Some of the latter have not been introduced in the United States.

As for wages, European levels have kept abreast of inflation trends, guaranteed most often by automatic cost of living adjustments. They have

generally made annual gains in real earnings. Special additions for low income employees have narrowed the range. Supplementary bonuses such as those for the thirteenth month are being universalized. Equal payments for both sexes are diligently enforced. Two apparently contrasting trends may be observed. In Denmark, Italy and Norway, unions acquiesced to wage freezes whereas in others they deliberately defied government restraints.

Shorter weekly hours has been a preminent goal as one answer to the unemployment problem. Continental union demonstrations and hard bargaining helped in effecting break-throughs toward the shorter week, in the British engineering industry with 39 hours and in Belgium with 38 hours in several major industries. Flexitime arrangements have become more common to facilitate the employment of women. Compromises on the basic demand for shorter weekly hours, brought more paid freed time for special groups such as continuous shift and older employees. Paid holidays were increased preaching beyond the 25 day per year standard and the six weeks vacation was negotiated in Germany. Overtime restrictions are now tighter, hopefully making for more employment. Paid educational leave is common. A minimum work week is being guaranteed part-time workers to entitle them to the full range of benefits.

Job security for employees is a prominent target. Therefore, controls on lay-offs are more severe providing reviews by union committees, works councils and government agencies. In the Netherlands the adoption of employment security clauses was the major objective of the 1978 negotiations cycle. These are complemented increasingly by extensive benefits for laid off employees, displaced for economic or technological reasons. These include retraining, severance pay, aids for relocation of employee and family, rehiring preferences, early retirement and guarantees of earnings levels in case of transfers. Governments and corporations are asked and often commit themselves to programs for industrial stimulation of depressed areas. Contracts and law protect employee claims in case of employer insolvency or transfer of ownership. Employees are gaining rights for training for advancement and to qualify for all around skilled employee wage grades.

From the point of view of America the most novel item is the clause for asset formation or claims on profits. These provide for collective investment funds administered by unions.

Union and employee safety and health review functions are expanding as controls and regulations increase. Full time safety engineers are mandatory for plants. Union spokesmen are being empowered to halt operations pending review by factory inspectors where they claim unusual hazards.

FINAL STATEMENT

We are no longer bound by the historical circumstances which conditioned the structures and policies of the American industrial relations system. We must be more detached to reconsider the entire system. In this new assessment one must return to the questions raised in 1933: namely is our American policy that of promoting unionization and collective bargaining? If it is, major alterations must be instituted to achieve these ends. It is in this connection that one must examine the transformed scene of European industrial relations, employee and employer organizations and collective bargaining for the guidance it can now provide to our undertaking

Le régime des relations professionnelles en Europe un exemple à suivre pour le système américain

Les régimes de relations professionnelles européens se sont montrés très innovateurs au cours des deux dernières décennies; ils se sont développés et ils se sont fortement intégrés à la vie sociale, politique et économique de leurs pays respectifs. Leur expérience est une source stimulante de connaissances pour la poursuite des objectifs du syndicalisme et de la négociation collective dans une société démocratique et une force capable de contrebalancer celle du monde des affaires tant sur la scène nationale qu'internationale. La présente étude les considère sous cinq aspects différents.

LE RAYONNEMENT DES SYNDICATS ET L'INFLUENCE DE LA NÉGOCIATION COLLECTIVE

Pendant que le système américain des unités de négociation engendre une mosaïque voilée de conflits de classe inspirés par la résistance des employeurs à la syndicalisation, le régime européen repose sur l'acceptation généralisée des syndicats et de la négociation collective. Les conventions prévoient pour toutes les unités concurrentes des régimes de conditions de travail uniformes.

LA REPRÉSENTATION DES EMPLOYÉS DANS L'ENTREPRISE

La législation et la pratique en Europe prescrivent généralement l'institution de mécanismes de représentation des employés à l'intérieur des établissements au moyen de conseils de travail ou d'autres organismes de nature semblable. Pour en assurer l'efficacité, les syndicats les contrôlent ou les remplacent par des conventions collectives ou, d'une façon encore plus pratique, par leurs propres agences représentatives, ce qui leur permet de jouir d'une influence marquée sur la politique et l'administration des relations professionnelles tant dans l'établissement que dans l'entreprise. Le taux de pénétration du syndicalisme au sein de la force ouvrière atteint de deux à quatre fois celui qu'on retrouve sur le continent américain; il s'étend d'ailleurs à toute la gamme des entreprises industrielles tant dans le secteur privé que public.

LA STRUCTURE DES SYNDICATS

Alors que les syndicats américains sont devenus une espèce de conglomérat, les organisations européennes ont conservé relativement stables leurs propres limites de compétence. Les fédérations centrales se sont montrées plus inflexibles au sujet de l'orientation des amalgamations. L'autonomie des syndicats nationaux est respectée, mais ils suivent fidèlement les politiques de la fédération nationale.

LES RELATIONS AVEC LE RÉGIME POLITIQUE

Les tactiques «lobbyistes» du syndicalisme américain font contraste avec la participation franche des syndicats européens aux mouvements ouvriers nationaux, y compris celui de l'aile politique. Le parti travailliste et les gouvernements de centre-gauche, au cours des dernières décennies, ont fait progresser considérablement les objectifs ainsi que les programmes des syndicats, et ils donnent aux mouvements syndicaux l'occasion d'accroître leur influence sur le développement et l'administration des politiques nationales tant au point de vue social qu'économique.

LES CONDITIONS DE TRAVAIL

Les conditions de travail, la garantie de la sécurité d'emploi et les services personnels de prévention et de réhabilitation ont augmenté d'une façon impressionnante au cours des dernières années. Pour la première fois dans l'histoire, ils dépassent les normes et les niveaux américains, principalement en Allemagne de l'Ouest, en Norvège, en Suède et en Suisse.

En conséquence, nous devons nous demander si la politique et la pratique américaines de syndicalisation et de négociation collective aident à la réalisation des objectifs initiaux tels qu'ils furent spécifiquement définis en 1933. Si comme l'auteur le croit, ce parallèle peut conduire à une réévaluation en profondeur du régime américain de relations du travail et susciter de grands changements, il faut s'inspirer des régimes européens et de leurs expériences comme s'ils étaient une source de modèles à imiter dans la reconstruction des aménagements nouveaux à mettre au point pour notre continent.