

Co-decision-in industry efficiency and human values

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CO-DECISION-IN INDUSTRY EFFICIENCY AND HUMAN VALUES

On Thursday, 21st November, Prof. Dr. Walter J. Hollenweger gave a talk to the London Group of the *Nouvelle Société Helvétique*. Dr. Hollenweger is Professor of Mission at Birmingham University, and with it he has the first and only Chair of this kind in the U.K. He has been in this country for over three years, having first worked in banking and, after studying in Zurich and Basle, with the World Council of Churches in Geneva for six years. He began his talk by explaining what Mission meant.

"Mission is concerned with the process of creating an open space for man to become human. The term 'human' is not used in an empirical but in a normative way. The norm is derived from the man whose name is Jesus of Nazareth. In relation to the institution of the church, the concern for man becoming human — mission — means to create room for the shalom of God to happen. In relation to other institutions in society it means just that very same thing. I want to look at this in more detail in relation to one particular problem in British society, namely the relationships, or, perhaps better, the breakdown of relationships, in industry. This is very much more a human, cultural and indeed a theological problem than just — as some superficial observers might assume — a technical problem of management, wages and the distribution of wage packets.

"Industrial relationships are understood in Great Britain within the framework of a confrontation model. That model was workable at a time when Britain was the centre of an empire, a centre where great wealth from all over the world was concentrated. In this context one could conceive a battle over the just distribution of this wealth (both sides overlooking of course that part of this wealth was stolen, but at that time a gentleman was considered legitimately entitled to this). Today, in a highly industrialised country with very strained resources, confrontation could become too costly to settle such disputes. Another way to cope with this particular problem is described in his book published last year by Arthur Rich, a theologian at the University of Zurich, which he calls 'Co-decision in Industry'."

Prof. Hollenweger then referred to the book on participation published by the *Nouvelle Société Helvétique* in Switzerland in 1973. He considered it an excellent and very Swiss publication, seeing that it contained contributions in three languages and from several points of view. It had been published after the three most important trades unions had launched a Constitutional Initiative asking the Confederation to issue regulations regarding co-decision by the workers and their organisations in

business, enterprise and administrations. If the electorate and Cantons accept the proposals, Parliament will have to pass a law and create the necessary institutional machinery.

The speaker continued:

"It will perhaps astonish a British reader that this contribution to such a technical subject is by a theologian and not by an economist or a management specialist. In Rich's case, however, it is entirely consistent with his earlier thinking and work and in line with Pauline and reformation thought. He practices contextual theology.

"Rich points out that human life needs human institutions in order to survive as human life. Although man's humanity always has been a controversial matter, from Rich's theological perspective it is because man is human that he is able to make responsible decisions (*dokimazein*, Rom. 12.2), and this applies particularly in his daily work. Automation very likely produces automatons. The core of the book's argument is that 'co-decision in industry' is necessary for the 'survival of the human'.

"The term 'co-decision', as Rich and the Swiss trade unions understand it, is to be distinguished from such English terms as 'partnership in industry' or 'co-partnership in management' insofar as these terms describe a voluntary process of consultation between management and employees (in Rich's terminology 'human relations'). 'Co-decision' is more than that. It is a matter of real decisive power, constitutionally protected and enforced by law, and not just a matter of listening to the workers' concerns or taking their pleas 'very seriously indeed'.

"Co-decision is not to be achieved through the formalities of 'human relations' nor by anarchic trade unionism, nor will the solution be found in the third option of centralist Marxist/Communist economies.

"Why not? Rich finds 'human relations' describes either what is expected anyway of good management or else confers on workers the illusion of being consulted on important decisions — despite the fact that a final top management fiat may totally ignore their recommendations. *Anarchic trade unionism* also fails to meet the common human need of all people since it seeks to maximise power for the group which the trade union represents, hoping naively that in the long run some balance will be achieved between the different 'classes'.

"Finally, a *centralised Marxist/Communist economy* does nothing to alleviate the weakness of workers, employees, or leading cadres. In the actual work situation it matters little to the people concerned whether those who seek to influence them are in a party

bureaucracy or the executive of the company: in both cases they are equally denied their human right of 'co-decision'."

**In order to share power,
there must be power to be shared**

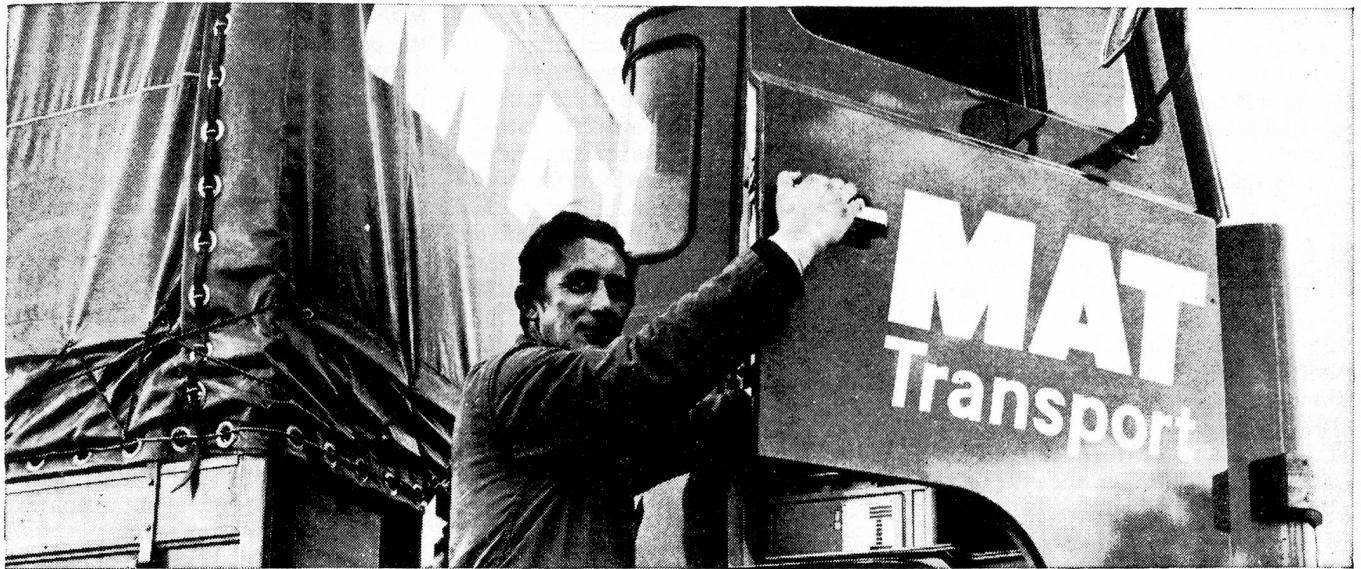
"Rich then offers some clear alternatives. His first point is that to share power there must be power to be shared. In other words, in order that the worker may share in enterprise decisions there must be an enterprise to make those decisions. Hard examples are that if there is to be no investment, with all monetary benefit distributed amongst the employees or the share-holders, or if the products lose competitiveness on the market, then the efficiency of the enterprise is jeopardised. Such a situation would not be 'co-decision' but a partnership in a misery with no point for either partner. Many British trade unions seem to find this difficult to understand.

"Rich underlines the point that efficiency is a fact of life, a relation between output and input, and independent of the form of economic organisation. Even in a Communist economy efficiency is the first and vital requirement of all industrial management.

Given this priority of efficiency Rich then asks how workers can be drawn into the decisions of an enterprise so that they understand what is at stake. He does not seek to avoid conflict. This will still occur, even if worker and employee strength equals that of management and capital on the board of directors. Conflict is to be expected because wage and salary recipients tend to emphasise increasing remuneration while management emphasises re-investment in the enterprise. In resolving such conflicts, however, strikes, demonstrations, or mass meetings are totally inadequate — being generated by a simple confrontation model in which all the bad points are unfailingly on the opposing side and rational argument is replaced by emotional jargon. The real need, Rich argues, is for mechanism, at enterprise level, to cope with conflict in a rational, quick and efficient way."

The theory tested

"What makes Rich's book exciting is that it is not mere theory: the solutions which he puts forward have been tested by experience. There are many companies, particularly in Germany, but also some in England and Norway, in which all workers, employees and *cadres*, participate in all the company decisions. In fact the German nationalised industries, particularly the coal mines, were forced by the Allied Occupation Forces after the war to introduce the co-decision model in their management. At this time the British thought (probably rightly) that the Germans



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needed some extra help in learning the democratic way. And very shrewdly they realised that an authoritarian industrial leadership will hinder the emergence of a democratic man. How right they were. And what a pity that they did not practice in their own country what they preached to the Germans.

"But from the nationalised industries the model of 'co-decision' has also spread to private companies. Based on a contract entered into when the worker joins the firm their power of decision includes hiring and firing, investment policy, production methods, and so on, quite apart from social facilities and the like. Wages and salaries may also vary according to the efficiency of the company and — critically important — if there are losses. People in the enterprise then learn by experience the practical consequences of particular decisions and the cost. In certain cases the workers may prefer to earn less to improve working conditions: this choice is entirely up to them."

Prof. Hollenweger then went on to describe the practical experiences made by Michael Jones who introduced co-decision in the family jewellery business he had inherited in 1960. He, a Christian, realised that his fellow-workers in the business were contributing their efforts to the success of the business just as much as he; but by accident of birth and privilege, he had the power. Later he was introduced to Ernest Bader, a Swiss, founder of the firm of Scott Bader & Co. Ltd., and Roger Sawtell who had done research in power-sharing schemes. Today, the Jones business is one of common-ownership where the employees

appoint the directors, control the capital and re-invest it, or put it into their own pockets, or spend it in supporting similar projects. In the Michael Jones Community Ltd., the workers are the ones who engage or dismiss staff; there is a co-ownership scheme which is not absolutely necessary or desirable. The important thing is the sharing of the power of decision, not the decision itself. Prof. Hollenweger went on to describe some of the difficulties:

"One of the directors, coming from a poor family and having worked himself up by his own efforts, found it difficult to risk his post as a director. He resigned and went to another company. Other workers had enjoyed the cosiness of being simple wage-earners in a successful, dynamically-led organisation where their duties could be performed adequately in a fairly routine fashion. The challenge of being a co-owner and accepting final responsibility was too great for some of them and they too left for other jobs."

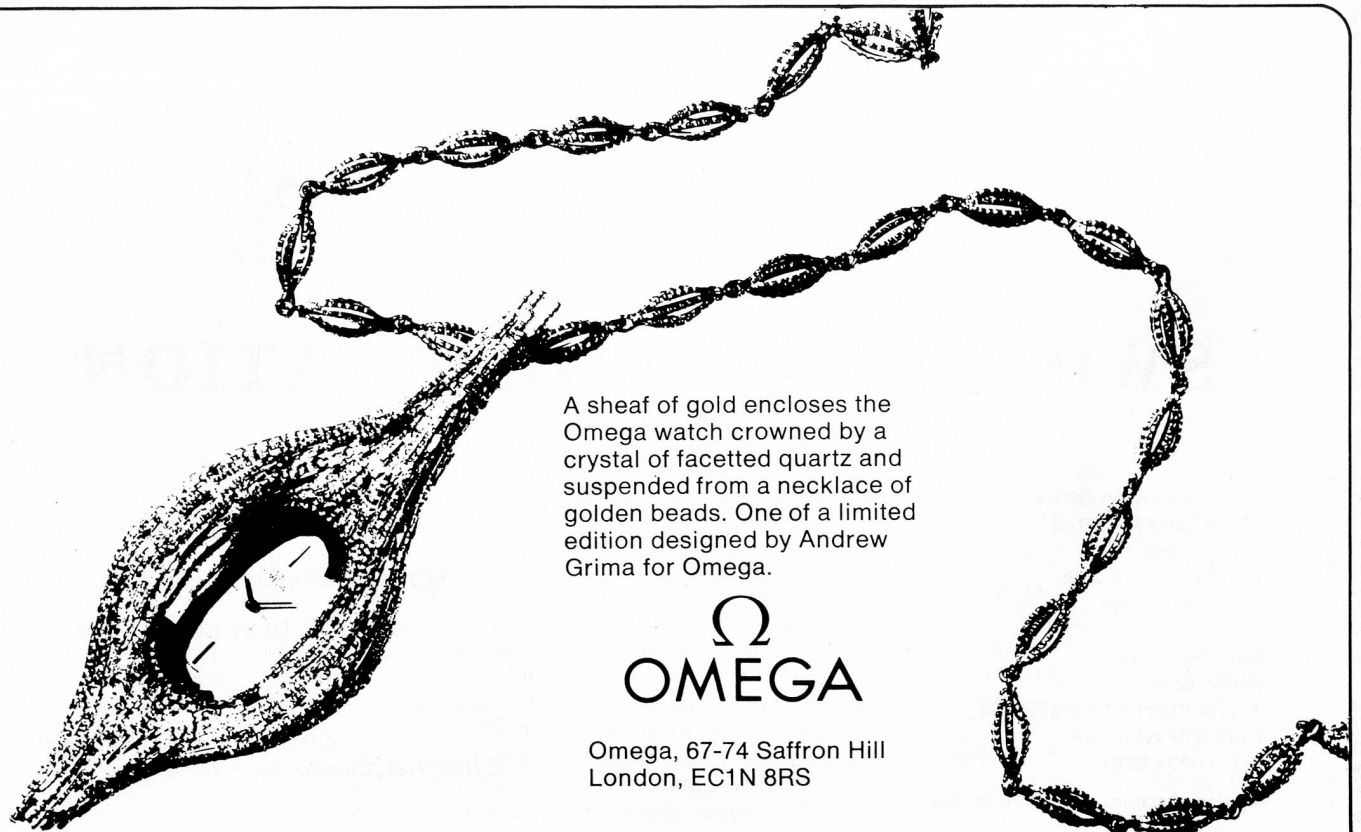
Objections discussed

"There is severe opposition from trade unionists, industrialists and theologians to the scheme of co-decision. The trade unions say that this solution is merely a method of 'buying' the workers and subjecting them to even stronger exploitation. Practical experience shows that this is by no means the case. The workers begin to translate company accounts and financial statements into terms of work and salary, and to understand the human and economic consequences of their decisions: how to make the right kind of decisions, and how to

initiate innovations and changes which the company can afford without destroying efficiency. Efficiency itself is also improved sometimes because people produce better work.

"It has also been said that co-decision seeks to lure workers and employees over to the capitalistic behaviour pattern. That is gross nonsense. There is no need for that. It is commonly known that the chief function of British Trade Unions 'is to bargain with employers over pay and conditions on behalf of their members.' I have never heard or read any fundamental attack on the basically capitalistic economy by any British trade union leader or Labour politician. What British left-wing politicians want is a modification of the rules of the game *within* capitalism. Whether these modifications are for good or bad is a debatable point within the British socialistic camp. What British leftists call Marxism has very little to do with Karl Marx. This is of course understandable as most of Marx's writings are not available in English.

"In Rich's understanding of co-decision the representatives of the employees are not necessarily the trade unionists. (This *may* be the case if the employees in a company elect a trade unionist to represent them; they are, however, quite free to vote in a non-union man. The only qualification necessary for a representative is whether or not that man, or woman, has the trust of those whom he seeks to represent.) Consequently it is understandable that strong trade unions in Great Britain resent such a scheme. This has more to do with the fear of losing an established



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power base than with the arguments put forward."

The speaker quoted Dr. Hardmeier, Secretary of the Swiss TUC, who wrote:

"Co-decision does not uproot the present, mainly capitalistic and free market economy. But it makes it more democratic and more human. Co-decision is not a revolution of ownership and income, but it changes access and power over ownership and income. Co-decision does not remove the conflicts of interests nor does it solve the problem of just distribution of wealth. Conflicts are not dissolved, but co-decision creates better mechanisms for solving such problems."

By contrast, industrialists have tended to insist on the right to manage — fearing that partnership with workers and employees would make rational leadership impossible. Rich is again able to demonstrate that, with the proper mechanism, introduced in such a way that the workers understand what is at stake, companies do financially better than before. Amongst other benefits, many strikes become pointless!"

Next, Prof. Hollenweger looked at four theological objections: The first being, what has this to do with theology? He stressed that Christians have no special ethics, nor could it be denied that non-Christians could do all this as well as Christians. Seeing that at present, neither management, nor Government, nor trade unions nor industrialists do what is human and rational. Being blinded by obsession with confrontation and fight for prestige, it stands to reason that

Christians should do the job, to discern what is human and "serves a real purpose". The second objection is the fear that it would create collective egoism. True, but it would be better than individualistic egoism. Co-decision is not a salvation for all evils. Problems of monetary character, international markets, trust exploitation and relations with the Third World will still have to be solved by other means.

Nor will co-decision make the role of trade unions obsolete. Prof. Hollenweger told of the Scott Bader Community's encouragement to its employees to join unions. Co-decision offers what cannot be achieved by other means: a share in decision-making on the day-to-day level where it matters to those who usually have decisions made for them.

The third objection the speaker dealt with was whether it mattered at all if the wage-earner was an object of decisions made by a management or by his elected representative. That would be an argument against any democratic institution.

"It is true that representative democracy has its weak points. Co-decision likewise will not produce an industrial paradise. It will be an imperfect and even faulty attempt. To expect from it the salvation of man is utopian and self-deceiving. However, it is possible to divide the areas of decision in such a way — as in the pattern which the Swiss call direct democracy — that certain decisions can be taken directly at the level

concerned (small group of workers, section of workers, section of production). This might slow down the decision-making process slightly but it could be less costly in the long run than the present situation where the slightest disagreement leads to 'walk-outs'."

The fourth objection the speaker dealt with was what would happen if the majority did not wish to become responsible in co-decision. This again would be an argument against democracy. Some Swiss women did not want to accept the responsibility of suffrage. Yet it would have been untenable to refuse the right to vote to women because a proportion did not want it. In the case of co-decision, one would have to accept the indifference of those who refused any responsibility.

Prof. Hollenweger then mentioned the critics of co-decision who maintain that it would never work in Britain.

"The tradition of confrontation, of thinking in terms of 'them' and 'us' is too strong in this country. The psychological relief people get from looking at industrial relations in terms of two competing football teams is not to be undervalued. Thus the target will always be to beat the others instead of — as I would prefer to see it — to use the energies which every conflict produces in order to overcome the common difficulties. I have doubts whether Christians should allow themselves to conform to the patterns of this world to an extent which could not only destroy the economy but also that which is good



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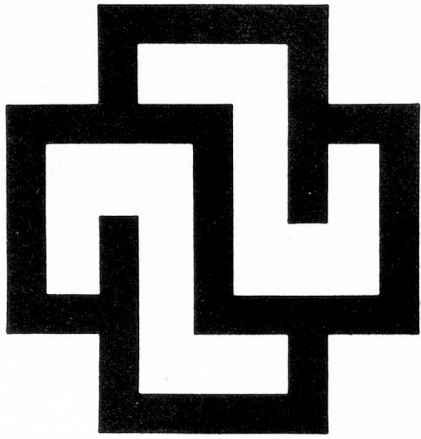
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and human in man. It seems to me that here it is the duty of Christian leaders, be they union leaders, industrialists, teachers, or pastors, to discern critically what is the will of God, what is good, acceptable and serving a real purpose, to make clear that it is the Christian's understanding that the humanness of man is also determined by his will and ability to make responsible decisions. Thus Christian industrialists like Scott Bader look for 'a genuine alternative to welfare capitalism and state-controlled communism'. Ernest Bader says: 'Having observed the paralysis and often the complete failure of so many human institutions in the conduct of vital human affairs — witness the record of the political parties, the churches, the employers' organisations, the trades unions — one is led to the inescapable conclusion, that, in industrial disputes at least, it is the system that is at the root of the trouble, that the division between capital and labour encourages selfishness and greed and that until the two are

united for a common purpose there will be no peace. This was my belief when, in 1951, I relinquished ownership of the business I had built up since arriving in this country in 1912, and thereby showed my faith in the basic goodness of human beings when they are made to feel equal and vital partners in a business."

The speaker was accorded great applause, and a most animated discussion following during which many points were raised and a number of doubts expressed. It was obvious that the serious state of the economy in Britain played a part in the debate. To introduce co-decision would take a very long time. Would it be possible in time to prevent disaster? There was no doubt that the audience was greatly impressed and that Prof. Hollenweger had given a great deal of food for thought.

M.M.

We refer readers to the article on "The limits of common ownerships" in our Christmas issue of 13th December. Ed.

H. C. ANDERSON AND SWITZERLAND

The Danish poet and story-teller, Hans Christian Andersen, was a born traveller. He used to say that travels were what made him enjoy his life to the full. This predisposition made him look for life and inspiration for his many and varied works by criss-crossing Europe throughout his long life. For years he travelled extensively throughout Western and Central Europe as though the wide world were his home. Switzerland was one of the countries he knew and loved the best. He visited it no less than 29 times between 1833 and 1873, two years before his death. The scenes which he so loved in the country, particularly in the Neuchatel Jura and the Bernese Oberland, became the setting of six of his best tales.

A great many of his visits to Switzerland were made in the summer to escape the heat of the low-lying countries to the north and to the west. All his trips were carefully planned and usually followed an itinerary determined by the letters of recommendation which he had with him, and by the friends he had made all over the country. Andersen had a great capacity for friendship and nowhere did he feel more at home than at Brunnen, on the Waldstaettersee, where he counted among his close friends Colonel Xaver Auf der Mauer, owner of the Adler Hotel, Councillor of States, and a friend of Wagner, and at Le Locle, where he regularly visited a Danish watch manufacturer, F. U. Juergensen, who eventually became a naturalised Swiss. Andersen was also at home in Geneva, where he befriended several local writers and artists, and stopped several times at Zurich and Basle.

An account of Andersen's relationship to Switzerland was given in a recent brochure by the Pro Helvetia Foundation.

Andersen made his first journey through Switzerland in August 1833. Heading for Le Locle, he journeyed from Paris to Geneva by stage-coach, and gave a vivid account of his first glimpse of the Alps and the Swiss Plateau from the Faucille Pass in the Jura in his "Tale of my life". From Calvin's city, where he stayed for a few weeks at Madame Achard's Pension, on the Grand Quai, he headed for Lausanne, Vevey and Neuchatel before making for Le Locle, his first destination. He continued his journey towards Italy, crossing the Simplon.

The second lengthy journey in Switzerland took him, in 1846, from Geneva to Vevey, Fribourg, Berne, Interlaken and Basle. Five years later, he explored the eastern part of the country. Following a tortuous itinerary, he successively passed through Rorschach, Chur and Lugano (having crossed the Spluegen via Chiavenna). He then proceeded north to Fluelen through the Gothard, and hence to Weggis, the Riggi, Zurich and Romanshorn. Andersen's other "Swiss years", during which he also discovered Glaris, the Wallensee and the treasures of Einsiedeln, were the years 1858, 1860, 1861, 1862, 1867, 1868, 1869 and 1873. There were many other shorter journeys through Switzerland during the intervening years.

Andersen often made Le Locle his main place of call. With his friend Juergensen, he made several exploration

trips around the small watch-making town. He marvelled at the Doubs waterfalls near Les Brenets, and at the underground mills at Col des Roches. Describing his quiet weeks at Le Locle, he noted in a letter: "What a peaceful existence! from six in the morning to eight in the evening, I have nothing else to do but to ramble, make poetry and sleep!" Some of the most beautiful pages of his "Tale of my life" were devoted to the "sombre and deadly still pine forests of the Neuchatel Jura".

Brunnen also fascinated him. He first put in at this quaint little port in 1855 when he was cruising on the lake in the company of his friend Edgar Collin. The two men were making a tour of Switzerland while at the same time fleeing a cholera epidemic which had spread through much of Europe. Collin suddenly felt sick and the two decided to stop for the night at Brunnen. To his great surprise, Andersen met a close friend of his, the painter Thorvald Laessøe, at Brunnen's "Zum Goldenen Adler", and the hotelier, Colonel Auf der Maur, showed him the year's edition of the Swiss Illustrated Calendar. It contained a portrait of Humboldt, a famed Swiss man of science, and of Andersen himself, described as the "author of many tales". This filled Andersen with a great joy. He became a great friend of the hotelier and returned to Brunnen several times during his ensuing visits to Switzerland. He loved to contemplate the sun rising and setting over the peaks overlooking the lake and admired the changing colours of the lake and the wild chant of the waves during the days of ceaseless Foehn.

When Andersen died in 1875, at the age of 70, Europe was living through its industrial revolutions and all eyes were turned towards Progress. But fairy tales represent an ageless chapter of literature, and Switzerland can be proud to have offered a second home to this prince of fairy tales.

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