One of the most notable outcomes of the late 1960s international movement for participatory democracy has been the increased demand for expanded worker rights in decision making, both on the shopfloor and in the economy as a whole. Whether workplace reforms have meant co-optation or increased worker control has been hotly debated; equally controversial has been the question of the survival of workplace reforms in light of the growing economic crisis facing all western industrialized nations. This paper explores the emergence and developments in industrial and economic democracy from an international perspective, focusing primarily on Western Europe and the United States. Similarities and dissimilarities between alternative forms of worker participation are discussed, and conclusions are drawn which view these new institutional arrangements for participation within the context of the wider issue of representation in society.

The international movement for participatory democracy was most evident in the latter part of the sixties. Public attention most often focused on community action groups, student power advocates, racial liberation groups, anti-war demonstrators, and the revival of the women’s movement. All of these groups had in common their struggle against authority structures which had remained impervious to their needs for representation and participation. As a whole, these groups created such a widespread challenge to authority that the very legitimacy of key institutions within industrial nations was called into question (Deutsch, 1979a).

Far less attention was directed to the mounting dissatisfaction of workers with the structure of work life. Yet, in the period of heightened awareness about the rights of political and social participation, the demand for workplace reform began to be articulated. There was a growing perception of the contradiction between the rights guaranteed to individuals as citizens and the denial of democratic structures within
the workplace. This disjuncture between work and non-work constitutional rights created substantial strains during the sixties, and resulted in moves toward greater economic participation.

The various types of workers' participation are as diverse as the actors involved. Labor, management, national governments, as well as academic researchers and political activists, have all developed strategies for introducing workplace reforms. Often from divergent perspectives, they have set about the task of constructing plans to meet their intended goals. Whereas there have been international cooperative projects, each country has had to design workplace changes within their own unique social, political, and economic context. That the form workers' participation takes is so directly influenced by the particular history and conditions within a country makes it difficult to provide an overarching framework for a general discussion of workers' participation without leaving bare the specific, intra-country characteristics which give substance and meaning to its implementation.

What follows is an attempt to provide an overview of the major types of workers' participation, with an emphasis on both elaborating the similarities and dissimilarities between countries and analyzing the impact of such forms of participation. The main focus of this paper is to evaluate the extent to which these various forms of participation result in a transformation of the existing power relationship between labor and management, i.e., a decrease in managerial prerogatives with an increase in the decision-making power of labor within the workplace as well as the economy as a whole.

INTERNATIONAL DEVELOPMENTS IN WORKERS' PARTICIPATION

The decade of the seventies has been viewed as a turning point in the area of workers' participation. Whereas the issues of participation and control have been an integral part of the workers' movements for a long time (Ramsey, 1977), they came to dominate industrial relations in the early seventies. Perhaps most notable has been the move toward greater industrial democracy by virtually every Western European country. This movement, however, claims an even broader following, extending through most of the industrialized as well as developing countries in the world (Deutsch, 1979b; Espinosa and Zimbalist, 1978; Mills, 1978; E. Stephens, 1980; Triska and Gati, 1981).

Forms of Industrial and Economic Democracy

Throughout Western Europe, as well as in North America, traditional forms of industrial democracy have been expanded and further complemented by a variety of new channels for participation. Government commissions have been set up to look into the problems and possibilities of workers' participation—for example, the tripartite Bullock Commission in Great Britain, the Biedenkopf Commission in West Germany, and the Sudreau Commission of France (Jain, 1980; Walker, 1977). The International Labour Organization has devoted a significant amount of energy to this subject, holding symposia and collecting information on developments in individual countries (ILO, 1979, 1981; Jain, 1980). The European Economic Community has called for increased workers' participation at all levels of the enterprise (EEC, 1977, 1980). The first worldwide conference on the quality of working life was held in New York in 1972, and today most Western European countries allocate monies for research directly related to the humanization of work (Davis, 1975; Wilson, 1979). The West German "Humanization of Work Act" (1974) is a good example of this commitment to workplace issues. In 1974, the government set up a $110 million fund for research to improve the quality of working life. The Norwegian Work Research Institutes, the pioneers in the field of democratizing the workplace, began their studies and experiments in 1961. Early on they were joined by and have collaborated with the Tavistock Institute in London. Work research institutes are now familiar organizations and can be found in such countries as Denmark, France, Ireland, the Netherlands, and Sweden (Davis, 1975; Gustavsen and Hunnius, 1981).

A mention of the parallel developments within the academic community complete this picture of the widespread attention now centered on workers' participation. Researchers, sometimes in association with national or international research institutes and sometimes within their own academic institutions, have been equally drawn into the field. Some have focused on the theoretical questions of participation (Abrahamsson and Brostrom, 1980; Pateman, 1970), while others have been involved in action-research within democratizing enterprises (Whyte, 1980). There have been major international comparative studies bringing together researchers from a number of countries as well as single country case studies (Industrial Democracy in Europe, 1980, 1981). In all, there has been a steady growth of attention devoted to the multiple aspects of workers' participation.
The Significance of Terminology

Any discussion on workplace democracy becomes quickly confusing without an attempt to sort out competing terms in the field. Such words as workers’ participation, industrial democracy, workplace democracy, work reform, humanization of work, and quality of working life are often used interchangeably to denote new forms of work organization and work relationships. Particular terms, such as workers’ control, self-management, and workers’ ownership have typically been used to describe even greater steps toward structural transformation of the workplace and its hierarchical relationships. The use of so many different concepts is a reflection of just how widespread this movement has been. Both the diversity of actors involved—political, economic, and academic—as well as the sheer number of forms of participation inevitably causes a proliferation of overlapping terms. There are attempts now, such as in Norway, to organize and integrate these different approaches (Cordova, 1982).

Not all of the confusion in terminology is merely semantic. A preference for one term over another can also signify what is an underlying substantive difference. For example, in the United States the terms “workers’ participation” and “quality of working life” are more frequently used than the Western European variant, “industrial democracy.” Industrial democracy has generally meant participation within the enterprise that involves a change in the power relationship between labor and management. Specifically, managerial prerogatives in decision making are reduced with a corresponding increase in influence for workers. Employees, most often through their trade union associations, have sought influence over the conditions of employment through political channels. Across Western Europe, labor organizations have exerted pressure on national governments to broaden the base of democracy within enterprises. For their part, national governments have generally been responsive to such demands as evidenced in the heavy reliance of Western European countries on the legislative approach to increasing workers’ rights. The legislative approach has been viewed as necessary because of the perceived resistance of management to the restructuring of power and authority within the enterprise.

Industrial democracy, then, has come to signify the restructuring of power relations within the enterprise and is associated with political channels for implementation. The term workers’ participation, and to an even large degree the term quality of working life, have not been so closely identified with the issue of the transformation of power relations between employers and employees. Rather, they have been seen more often as attempts to improve workers’ satisfaction on the job without tampering with the basic structure of authority. Consequently, they are profiled as far less political than their Western European counterpart. This is not to suggest, however, that all forms of participation in Western Europe are aimed at changes in the power relationship, any more than it is to assume that all North American forms lack the potential for a transformation of the workplace. What is instructive about this contrast in terms is that it does reflect the influence of the social, political, and economic environment on a definition of workplace democracy. Thus, the context in which participation is formulated in Western Europe differs significantly from that found, for example, in the United States. Similarly, there are intra-European variations in participation which are the product of country-specific differences.

The section that follows attempts both to recognize these differences, as well as to present an overview of the major forms of participation related to work. Because the major emphasis of this paper is on participation that effects a changing power relationship, the term industrial democracy will be used to describe these various forms. In addition, this section will introduce and explain the more recent concept of economic democracy.

Participatory Forms

There are a number of ways to organize a presentation of the different forms of industrial democracy. Although classification schemes vary in design and their emphases, there is also a good deal of uniformity among them (Cordova, 1982; Jain, 1980; Mills, 1978; Poole, 1979; Strauss, 1979; Walker, 1977; Windmuller, 1977). The following classification scheme was constructed to be as inclusive as possible, and employs six major categories: (1) Collective Bargaining; (2) Workers’ Representation on Boards - Codetermination; (3) Joint Consultation and Information - Works Councils; (4) Humanization of Work; (5) Self-Management; and, (6) Economic Democracy.

1. Collective Bargaining. Collective bargaining is perhaps the most common form of industrial democracy. For the United States, Great Britain, Australia, and Canada, it has been seen as the major vehicle for increasing the influence of workers (Poole, 1979), and it is in place in some form or another in most countries. The basic premise of collective
bargaining is that of equal parties coming together to negotiate the terms of employment. It is conceived of as “conflictual” or adversarial participation. As formal representatives of workers, trade unions act as a countervailing force to managerial definitions of the workplace. Based on the idea that workers have rights directly stemming from their contribution of labor, trade unions have argued for workers' rights to negotiate on a whole range of issues. It has sometimes been argued that collective bargaining stands outside the common definition of industrial democracy in that it has been most often associated with the economic conditions of employment rather than the non-economic issues of the workplace. But the underlying goal of collective bargaining has always been an increase in the rights of workers.

Historically, the emphasis has been on increasing the rights of workers to participate in the economic benefits accruing to the enterprise, but more recently, there has been a steady growth of attention devoted to the more non-economic issues of participation within enterprises. What have been considered the legitimate areas for collective bargaining have expanded, encompassing a wide range of areas that heretofore were considered solely the domain of management. For example, there have been collective agreements on data and technology (Norway, Denmark), job security (Great Britain, United States), and the length of the work cycle (West Germany). Italy has lagged behind the other European nations in industrial democracy, but what gains it has made have come from collective agreements which have covered both economic and non-economic factors. Sweden, on the other side of the continuum of success in pushing industrial democracy, has looked to collective bargaining as well to finalize its widely publicized framework law on the Joint Regulation of Working Life (MBL).

This act, passed in 1976, gave unions the right to negotiate collective agreements on all aspects of supervision and management that had formerly been the sole right of management (Albrecht, 1980, 1981; Lind, 1978; Martin, 1976, 1977). The law abolishes the old paragraph 32 of the Swedish Employers' Confederation statutes that had granted these managerial prerogatives in exchange for the right of workers to organize and negotiate on pay and employment conditions. In this sense, the act represents a move in the direction of broadening the base of collective bargaining to encompass more and more non-economic factors in the workplace.

Collective bargaining, then, has always played a major role in increasing the influence of workers. In the seventies and eighties it has become an instrument for increased industrial democracy. As Walker (1977) summarizes it,

While collective bargaining is not universally regarded as a form of worker's participation in management, it cannot be denied that in the absence of collective bargaining, management would make decisions unilaterally. Each widening of the range of issues subject to collective bargaining has been contested by management as an invasion of managerial functions, and the historical trend has clearly been toward greater and greater penetration of areas of decision which would otherwise be taken unilaterally by management (3).

The issue of collective bargaining provides a good starting point for a discussion of industrial democracy. Whereas its emphasis has primarily been the negotiation of economic issues between labor and management, it can also serve as a basis for expanding worker influence. In fact, collective bargaining may potentially expand the power of labor during a period of economic crisis. In the United States, for example, particularly in the heavy industries, management has increasingly sought economic concessions from labor through wage cutbacks, reductions in standard of living clauses, and benefit packages. Labor, in turn, has become concerned with securing non-economic exchanges for such concessions. Perhaps the most visible example of this was the appointment of the president of the autoworkers to the Board of the Chrysler Corporation. But there are equally important efforts by labor to gain expanded power by exchanging economic benefits for such things as increased control over worker pension funds, investment decisions, open company books, and assurances of job security. To give an overly optimistic view of labor's strength to secure such exchanges would fail to recognize present managerial efforts to weaken organized labor in a period of heavy unemployment (Deutsch and Albrecht, 1983). The point is, however, that collective bargaining does offer a structure in which labor can actively seek to restrict economic cutbacks and push for greater non-economic influence over the workplace.

2. Workers' Representation on Boards - Codetermination. This form of industrial democracy involves seating voting representatives of labor on the governing bodies of enterprises. As such, it is viewed as a more decentralized form of bargaining between labor and management at the level of the firm rather than the more industry-wide or economy-wide negotiations of traditional collective bargaining (Windmuller,
1977). It is also conceived of as a form of “cooperative” participation between labor and management in pursuit of a common goal, the economic success of the enterprise (Poole, 1979). The exact form that codetermination takes within a country is dependent on the proportion of labor representatives designated to sit on the corporate boards, the manner in which the scheme is introduced, and the perceived goal of such labor representation.

Codetermination is a post-World War II phenomenon, with the first form being introduced into the West German coal, iron and steel industries in 1947, and later made into law in 1951 (Espinosa and Zimbatis, 1978). The law calls for parity labor representation in all such industries with more than 1,000 employees. In 1952, the Works Constitution Act extended codetermination to include industries throughout West Germany. This time, the representation for workers amounted to one-third of the supervisory boards of enterprises. In the Codetermination Act of 1976, the amount of representatives was increased to parity, with some qualifications, in all large enterprises employing more than 2,000 workers (Monissen, 1978).

Although codetermination has been most closely associated with West German industrial relations, it is now found in many other countries as well. Most of the legislation enacting some form of codetermination came about in the early seventies. For example, Norway, which had previously opted for other forms of industrial democracy more directed toward shopfloor participation, enacted a Codetermination Law in 1971 calling for one-third labor representation on corporate boards. Sweden instituted a trial act on Employee Representation on Boards in 1973; this law applies to enterprises with 25 or more employees and gives unions the right to name two representatives to the board of directors. Denmark followed in 1973-74 with a similar act calling for two labor representatives. France, Luxembourg, and the Netherlands have some variation of board representation with labor input as well (Pejovich, 1978).

With very few exceptions, codetermination has been introduced through the legislative process. Ireland, however, stands in contrast to this process, and the decision on admitting labor representatives on the governing boards is voluntary and left up to each individual firm (Pejovich, 1978). For Great Britain, a decision on codetermination has been delayed. Over strong managerial opposition to codetermination, the Bullock Report came out in favor of moving in that direction, but action has yet to be taken.

Evaluating the performance of codetermination as an effective form of participation is a more difficult job. On the one hand, having labor representatives on company boards has not resulted in any major changes in the decision-making policies of enterprises. Employee representatives, primarily in the minority, have not exerted an over­
ing influence on these boards. Because of this, trades unions have been less than enthusiastic about this form of participation, and, in fact, have seen its potential to undermine their primary role of collective bargaining. On the other hand, there are specific instances when such board representation has complemented the role of collective bargaining and expanded the influence that workers have on major decisions within the enterprise. For example, labor was able to guarantee job security for its West German employees when Volkswagen Company wanted to invest in automobile plants in the United States. As Windmuller (1977) argues:

Thus, labor used its legally mandated positions on the company’s highest policy-making body to extract concessions that management might well have rejected or even refused to discuss as bargainable items if the union had demanded them in regular collective bargaining negotiations. By taking full advantage of its insider position, labor demonstrated that control of a block of employee representatives in the board could be converted into de facto extension of the structure and subject matter of collective bargaining (23).

It is interesting to note that this decision was made prior to the extension of the proportion of labor representatives in West Germany, which would only increase the significance of this argument.

The new West German Codetermination Act, as well as the Swedish decision in 1976 to make its earlier trial act a permanent one, point to the continuing support given to this form of industrial democracy. However, there is a good deal of difference between West German and Scandinavian approaches to board representation. Whereas West German legislation has been aimed at extending the proportion of board representative to increase the balance of power within the supervisory boards, Scandinavian laws on codetermination have settled for minority representation. For example, the Swedish approach to industrial democracy has never emphasized board representation as a way to increase the influence of workers, but has involved as an alternative path, discussed above as the Joint Regulation of Working
3. Joint Consultation and Information - Works Councils. Works Councils have been around since the late nineteenth century and are found in some form in all Western European countries. They have witnessed periods of support, relative disuse, and now a renewed interest. The typical format of works councils is one of a joint labor-management committee at the enterprise level. The overall goal of works councils has been to increase harmonious relationships between labor and management, discussing such issues as productivity, security of employment, and working conditions. The role of workers' representatives in these bodies has been one of consultation rather than influence since management still retains the right to make the final decision after collaboration. For that reason, often they have been regarded as weak arrangements for true worker participation, sometimes referred to as “phony participation” (Strauss, 1979). However, in the latter part of the seventies, their role began to change. In a number of different countries, there is a noticeable move away from the concept of harmonious relationships to a more adversarial position. Their rights have been expanded and they are playing a larger and larger role in protecting the interests of workers within the enterprise. For example, in the Netherlands, which now has over 3,500 works councils, new rights to information have been legislated. This is equally true of Belgium. The expanded role of works councils has been mandated by law in Denmark in 1980, as well as Austria in its 1974 Collective Labour Relations Act. In West Germany, where works councils are made up of only employee representatives, they have increased decision-making rights on such issues as the setting of wage rates above the minimum determined by collective bargaining. Italian works councils have moved from joint labor-management representation to sole representation by employees. And, in the new socialist government of France, works councils are given increased rights over a variety of important issues such as “wages, employment, training, work organization and hours of work” (Cordova, 1982; see also, Poole, 1979; Strauss, 1979; Walker, 1977).

To some, this revitalization of works councils in Western Europe with their new decision-making rights is seen as the “most dramatic change that has recently taken place in the area of participation” (Cordova, 1982:129). Dramatic, not only because of the works councils themselves, but because it represents a move in the direction of increasing industrial democracy through channels other than board representation.

Far less dramatic are developments in the United States in what is referred to as “quality control circles” (Konz, 1981). Originally designed in the 1950s by American managers and consultants to help the Japanese improve quality and production within their firms, the concept has reemerged in America because of the very success of these firms. The idea behind these quality control circles is that the goals of quality and production are mutually beneficial to both workers and management, and therefore, both groups should come together in a cooperative atmosphere to seek ways to improving and increasing quality production. Essentially these are voluntary groups of workers with management leadership. They meet to discuss and exchange ideas and information about ways to increase efficiency, production, and quality—improvements, alternative methods, innovations, and any work-related problems from working conditions to worker relations that may be detracting from the productivity of the firm. The increasing introduction of these quality control circles has generated warranted concern on the part of American labor unions. They have been seen as a way to make unions appear unnecessary, to combat union organizing, and in general, to undermine the authority of unions within the plant (Deutsch and Albrecht, 1983). Thus, unlike the expanded powers delegated to Western European works councils, quality control circles may well prove to be a mechanism for further control on the part of the management. They share common characteristics with
those humanization of work projects that have been management
initiated and directed—a subject to be discussed in the following
section.

4. Humanization of Work. This form of participation has been
primarily concerned with the improvement of working conditions at
the shopfloor level. Specifically, it covers new forms of work organiza-
tion as well as work environment reform (Barbash, 1980; Sheppard,
1980; Wilson, 1979). It is distinctive from the previous three categories
in that it is more likely to be a form of direct, face-to-face participa-
tion, than indirect or representative participation.

The movement to reform the workplace at the shopfloor began
in earnest in the 1960s. There was increasing concern expressed by
governments, labor, and management about the problems at the work-
place: high turnover rates, increased absenteeism, and lower than
expected production. Some attributed the problem to the fact that the
workplace had not changed over time, but that workers had changed.
They were coming into the workplace with higher educational attain-
ment, and a corresponding set of attitudes about work and authority
that were at odds with the reality of worklife. Instead of concentrat-
ing on the characteristics of a new breed of workers, others saw the
problem as the structure of work itself, e.g., a division of labor that
was so detailed that a worker felt alienated from the entire labor
process, physiological as well as psychological hazards on the job, and
the rapid introduction of new technology into the workplace. A 1972
HEW commissioned study, Work in America, began its summary report
by noting that “significant numbers of American workers are dissatis-
fied with the quality of their working lives. Dull, repetitive, seemingly
meaningless tasks, offering little challenge or autonomy, are causing
discontent among workers at all occupational levels” (HEW, 1972:xv).

Workplace reform was seen as the possible solution to these growing
problems. The quality of working life could be improved by re-
designing jobs—for example, replacing the assembly line with semi-
autonomous work groups, allowing job rotation, and instituting flexi-
bile work schedules. Job enrichment programs, aimed at fusing together
tasks that had formally been separated, could provide a more meaning-
ful work situation. And, giving workers more discretionary power over
how they carried out their work on a day-to-day basis could increase
their sense of autonomy and improve their overall job satisfaction.

For the most part, humanization of work projects have been
introduced on a voluntary basis. In the late 1960s and early 1970s,
these experiments were predominantly initiated by management. The
goal was a clear one: improve working conditions in order to decrease
labor turnover and absenteeism and increase productivity. Because of
this, trade unions have been skeptical about this form of participation.
They have seen it as co-optive in that it is designed to increase workers’
satisfaction with their everyday surroundings while leaving intact the
authority structure of the enterprise. In fact, in some cases, programs
have been initiated to ward off potential unionization. Both American
as well as European trade unions, then, were less than enthusiastic
at the first developments in the reform of the workplace. It has only
been since the late 1970s and the more widespread introduction of
joint labor-management projects, often referred to as quality of work-
life (QWL) projects, that there is increasing interest shown on the part
of trade unions. There is one critical qualification in this statement,
and that is, trade unions are interested in workplace reform projects
that are specifically joint labor-management projects. In the absence
of unionization and where experiments are introduced solely by man-
agement, their appraisal still remains negative. Where unions and
employees are actively involved in deciding what these changes in the
workplace will be, however, support for such experiments has steadily
grown (Hanlon, 1982).

Closely related to the concept of workplace reform is that of work
environment reform. It is treated separately because the work environ-
ment movement has not only redefined safety and health in the work-
place, but it has also provided a major vehicle for increased democracy
at the workplace (Deutsch, 1981a, 1981b). Particularly in Norway and
Sweden, work environment acts have used comprehensive definitions
of safety and health to apply to all aspects of the workplace. For
example, the Swedish Work Environment Act (1978) stipulates that
“working conditions shall be adapted to the physical and psychological
abilities of human beings.” The Norwegian Work Environment Act is
unique in its inclusion of technology, production systems and related
factors (Gustavsen and Hunnius, 1981). Other European countries
have followed in this vein as well. For example, the Netherlands
Employment Conditions Act (1980) deals specifically with worker isola-
tion and the social aspects of the work environment, building on the
substantial body of research on psycho-social aspects of worklife

In the United States, the Occupational Safety and Health Act
was passed in 1970, and by the end of that decade, workers’ demands
for a safe and healthy workplace were being consistently articulated. Under the leadership of Dr. Eula Bingham from 1977-1981, the Occupational Safety and Health Administration (OSHA) put forth a great deal of energy to improve health standards, initiated training and education programs, strengthened the enforcement of health and safety standards, and sought workers' and unions' involvement in the process. These early moves acted as a catalyst for further demands on the part of workers in the 1980s to expand their rights to a safe and healthy workplace. Although the Reagan Administration has actively tried to curtail the past activities of OSHA and redefine its role, the strength of the health and safety movement may well be able to withstand this period of retrenchment (Deutsch and Albrecht, 1983).

This expanded definition of the work environment is accompanied by the recognition that workers should be able to participate in decisions related to both health and safety as well as issues on the introduction of new technology. In the Scandinavian work environment acts, for example, workers are given specific rights to make judgments about the work environment, shutting down production if they determine it necessary. Thus, work environment has become a rallying point for those interested in democratizing the workplace. It is seen as a way to expand workers' rights. To some, it may be the most effective channel for industrial democracy.

Work environment reform raises the prospect of deeper penetration into management rights then either collective bargaining or codetermination, even if its explicit ideology appears less challenging to capitalism. The new grounds for joint decision making granted under statute and collective agreements go to such classic management rights as shutting down operations for health and safety reasons and determining production processes, materials, and layout. The likelihood of real joint decision making is also much greater than in collective bargaining or codetermination where, in practice, the union is typically reacting to management initiatives. The immediacy of work environment to the rank and file and the union suggests a more initiating and aggressive union posture on these issues (Barbash, 1980:194).

5. Self-Management and Workers' Ownership. Self-management, or workers' control, is where the management of the enterprise is in the hands of workers or their representatives. Workers have the final authority in decision making. The Yugoslav system of self-management is probably the most well known example of self-management (Stephen, 1976-77; Vanek, 1971).

Workers' ownership does not necessarily mean worker's self-management. For example, workers may participate in some form of stock ownership within their company, and still not accrue any effective voting power within that enterprise. Take the United States' example of Employee Stock Ownership Plans (ESOPs). In these plans an Employee Stock Ownership Trust (ESOT) is set up which borrows money from the bank and transfers this money to the corporation. In return for the loan, the corporation transfers a certain amount of corporate stock to the trust. Part of the corporate profits each year goes to the trust for repayment of the loan. Shares are 'released' to workers equal to the percentage of the loan paid off. These shares can be cashed in by the workers when they leave the firm. The primary goal of ESOPs has been to provide tax benefits to management rather than to increase worker influence through ownership or voting powers. Repayment of the loan is tax free because it is seen as a pension contribution and is therefore viewed as deferred labor compensation. The 'unreleased' shares are typically not voting stock for the employees, but rather voting is vested in a trust committee determined by the bank. Additionally, the amount of stock held within the trust varies according to the needs of management and may only be a small amount of all the stockholdings. While workers share in the profits of the company, without major reforms, the ESOPs will not increase worker power (Dawson, 1978; Industrial Cooperative Association, 1978; Zwerdling, 1978).

Producer Cooperatives seem to come closest to workers' ownership also meaning workers' control. Producer cooperatives have been around for a long time in both Western Europe and the United States. With the increased economic crisis, there has been a revival of producer cooperatives in the United States and Great Britain. In an effort to save their jobs, workers have collectively tried to buy out plants before they shut down (Strauss, 1979).

In the United States, particularly, there has been an increasing amount of support for the concept of workers being owners (Russell, 1982). With few exceptions, there has been much less attention devoted to the concept of workers being managers of the enterprise. Workers' self-management implies a radical transformation of the structure of authority and control within the workplace, and as such, has met heavy resistance. Because it is viewed as no longer a reform measure,
but rather a new structure of work, it is sometimes omitted in classification schemes on industrial democracy.

6. Economic Democracy. The five categories above have dealt with the concept of industrial democracy, increasing the control that workers have over decision making within firms. Economic democracy deals more with increasing the decision-making powers of workers in the economy as a whole. Specifically, economic democracy has meant increasing the control workers have over capital and the way it is used within society (Carnoy and Shearer, 1980). It is important to note that economic democracy does not imply participation in the distribution of capital, such as profit-sharing schemes which distribute a certain percentage of the company profits to individual workers, but rather implies participation in decision-making power stemming from the ownership of capital. Thus, economic democracy has come to mean the transfer of decision-making rights in the economy from the few to the many. In this sense, it has been seen as the third stage in the democratization of society: political, social, and now economic democracy.

Economic democracy is a relatively new approach to increasing worker participation. Perhaps the most well-known attempt has been the Swedish wage-earner investment funds proposal which has called for the transfer of a certain percentage of company profits into shares to be collectively owned and controlled by labor and its representatives (Albrecht and Deutsch, 1983; Asard, 1980; Hancock, 1981; Hoglund, 1978; Meidner, 1978, 1981). This proposal has been highly controversial since it was originally introduced by the Swedish Confederation of Trade Unions (LO) in 1976. Since that time it has undergone revisions, and the history of its development is a reflection of both changes in the political as well as economic situation within Sweden. What has been retained throughout, however, is the essence of the conflict: collective share ownership by labor. With the return of the Social Democratic Party to power, the implementation of some form of wage-earner investment funds is expected, and the debate over these funds continues to be of major importance within Sweden.

In the United States, the labor movement has become increasingly interested in determining how the vast amount of capital (600 billion dollars, increasing 11% yearly) in employee pension funds is being invested (Rifkin and Barber, 1978; Lowry, 1982). The AFL-CIO in 1980 took an official stand on labor control over pension funds, calling both for investments that help generate new jobs and help strengthen the U.S. economy, as well as the disinvestment in anti-union U.S. corporations and South African companies (AFL-CIO, 1981a, 1981b). With the noticeable growth in plant closings and runaway shops in the United States, there is pending legislation in a number of states to give workers and communities more control over the investment/disinvestment decisions of companies in their locality (Deutsch and Albrecht, 1983).

The issue of economic democracy has met large scale resistance on the part of management and touches at the core of capital ownership. It is the most recent development in the movement for greater representation of workers in decisions that affect their lives, both at work and in their larger social environment. It is also being discussed in a period of economic crisis facing western industrialized countries, and will be acted out as questions about the survival of such market economies mount.

The six categories, taken together, demonstrate how widespread the movement toward greater worker democratization has been since the early seventies. The above classification has attempted to organize the field around the similarities between countries and how they have approached industrial and economic democracy. What is equally important, however, is the actual variability between countries and the manner in which they have sought expanded employee rights. Because of differences in the social, political, and economic environment of countries, each has a unique vision of just how industrial democracy should be implemented and faces particular challenges to its introduction. Perhaps the greatest difficulty in the study of industrial and economic democracy is in evaluating the import of the myriad of workplace changes. The central question is whether such changes maintain and perpetuate existing relationships within the workplace and the economy as a whole, or whether they transform these relationships. The thesis of this paper is that the only real forms of industrial and economic democracy are those that result in increased decision-making power on the part of labor with a corresponding decrease in managerial prerogatives and capital ownership. An assessment of the transformative powers of a single change, however, is a complicated one. For example, what may appear in the short run to be merely a face-lifting change which only further entrenches capital's power over labor, may effect long term changes. Reforms in their earliest inception may over time incorporate expanded rights for labor. For example, humanization of work projects in the United States have
Mid-American Review of Sociology

typically been seen as a way for management to introduce changes in
the workplace which create a better work environment, enhancing
the conditions of work in order to increase labor productivity while
retaining all decision-making power. Because of this motivation, organized labor has resisted such plans. It is only when projects are designed
which give explicit power to labor in the form of joint labor-management
projects that they approach industrial democracy and acceptance
by labor unions. Labor's stand on such projects is predicated on
whether they are introduced in union firms with guaranteed rights to
labor or whether they are implemented under managerial control in
an unorganized workplace.

Further, it is often difficult to determine which changes should
be incorporated into a discussion of industrial democracy. For a long
time, the issue of work environment reform stood apart from the
discussion of industrial democracy. But the Scandinavian experience
with work environment legislation has shown how expanded labor
control over the specific issues of health and safety and technology
may prove to be an inroad into even further changes in influence. There is, in Pateman's terms (1970), an educative process in the very act
of participating which furthers the demand and expertise for
expanded inclusion in decision making.

Additionally, focusing on isolated changes may ignore the cumu-
lative effect derived from a series of reforms over time. For example,
the Swedish moves toward industrial and economic democracy began
in earnest in the early 1970s with a series of legislative acts, culminat-
ing in the Joint Regulation of Working Life Act which addresses
directly the reduction of past managerial prerogatives at the workplace.
In turn, Sweden's move toward economic democracy has been built
on the foundation of this legislation. Only by looking at this entire
body of legislation and pending proposals is it possible to evaluate
their overall impact.

The above issues serve only as an illustration of the probes neces-
sary in analyzing the nature of workplace changes and their potential
for labor. There are many more. To fully answer the question of the
transformative nature of workplace changes, it is necessary to have
both an historical understanding of each country's development as well
as knowledge of the contemporary political-economic situation in
which these changes are being implemented. To dismiss all the various
forms of workers' participation as merely structural maintenance
would be as unproductive as it would be to embrace all changes in the
workplace without a critical eye.

CONCLUSION

The move toward industrial and economic democracy, particularly
in Western Europe, has resulted in the restructuring of the workplace.
At all levels of the enterprise workers have sought and gained
greater rights of participation and representation. Managerial pre-
rogatives in decision making have been narrowed with a corresponding
expansion of rights guaranteed to workers. Collective bargaining has
been used to negotiate not only the economic conditions of employ-
ment but the non-economic aspects of work as well. West German
codetermination, labor representation on the governing boards of
companies, has expanded to encompass more and more countries.
Joint consultation bodies, such as works councils, have enjoyed a
revival in many countries and is sometimes seen as the best channel
for greater industrial democracy. Humanization projects abound in
both Western Europe and North America. Whereas self-management
has occupied a less prominent role in the movement, examples of
forms of self-determination have also multiplied. Finally, the early
examples of economic democracy indicate the direction of further
demands for greater workers' representation within our economic
institutions. As a whole, they represent a shift in emphasis from ques-
tions involving the distribution of economic resources to questions
involving the distribution of power. To one observer (J. Stephens,
1980), this development represents a move away from the consump-
tion politics of the modern welfare state to political concern with
the distribution of control within advanced industrial societies. Giddens
(1973) has referred to it as a shift from the question of "economism"
to one of "control."

For the most part, this movement for industrial and economic
democracy began during a period of economic growth. That it is
now being played out in the context of an international economic
crisis, has certainly influenced its design and implementation. What
is noteworthy, however, is the fact that the issue of participation
has not been abandoned. In fact, both industrial and economic democ-
ency have been interpreted as possible solutions to these growing
problems. For example, as collective agreements over increased eco-
nomic benefits, and in some cases merely maintaining benefits already
established, have become more difficult, trade unions have moved
toward a negotiating plan which seeks increased decision-making
power within the enterprise in return for lost economic benefits (e.g.,
Mid-American Review of Sociology

in the United States, board representation and security of employment guarantees). As workers bear the cost of past management investment decisions, they have increasingly fought to have some control over future capital decisions. These inroads into the democratization of the economy have opened up new channels of influence, the impact of which will be felt in the years to come.

FOOTNOTES

1. I want to thank Steven Deutsch and Thomas Walls for helpful comments and suggestions on an earlier version of this paper prepared for the Western European Studies Conference on Representation and the State, Stanford, 1982. I would also like to thank the Swedish Center for Workinglife (ALC) for their support and assistance, Summer 1982.

2. The length of the work cycle is a broad term which includes such issues as the length of the workday, the allocation of breaktimes, and decisions concerning the duration of shift work cycles.

BIBLIOGRAPHY

Abrahamsson, B. and A. Brostrom
AFL-CIO
Albrecht, S.L.
Albrecht, S.L. and S. Deutsch
Asard, E.
Asplund, C.
Barbash, J.

Carnoy, M. and D. Shearer
Cordova, E.
Dawson, S.
Davis, L.E., A.B. Cherns and Associates
Deutsch, S.
1979a “Capitalism, Crisis and the Prospects for Worker Participation and Self Management,” Economic Analysis and Workers' Management 13, No. 4:489-498.
Deutsch, S. and S.L. Albrecht
Espinosa, J.G. and Zimbalist, A.S.
European Economic Community
1977 Worker Participation in the European Community. Luxembourg: EEC.
1980 Employee Information and Consultation Procedures. Luxembourg: EEC. Giddens, A.
Gustavsen, B. and G. Hunnius
Hancock, M.D.
Mid-American Review of Sociology

Hanlon, M.D.

HEW (United States Department of Health, Education, and Welfare)

Hoglund, E.

Industrial Cooperative Association

Industrial Democracy in Europe (IDE) - Internation Research Group

International Labour Organization
1981 Workers' Participation in Decisions Within Undertakings. Geneva, ILO.

Jain, H.C.

Konz, S.

Lind, O.
1978 "Training and the Swedish Law on Employee Participation," Current Sweden (194);March.

Lowry, R.P.

Martin, A.

Meidner, R.

Mills, T.

Forms of Industrial and Economic Democracy

Monissen, H.G.

Pateman, C.

Pejovich, S.

Poole, M.
1979 "Industrial Democracy: A Comparative Analysis," Industrial Relations 18, No. 3 (Fall);262-272.

Ramsey, H.
1977 "Cycles of Control: Worker Participation in Social and Historical Perspective," Sociology 11 (September);481-506.

Rifkin, J. and R. Barber

Russell, R.

Sheppard, H.L.

Stephen, F.H.

Stephens, E.H.

Stephens, J.D.

Strauss, G.
1979 "Workers Participation: Symposium Introduction," Industrial Relations 18, No. 3 (Fall);247-56.

Triska, J.F. and Gati, C. (eds.)

Vanek, J.

64
NOTES AND COMMENTS

UNDERGROUND STRUCTURES OF THE DEMOCRATIC STATE

T.R. Young
Colorado State University
and
Director, Red Feather Institute

The paper offers a sociological explanation for the underground structures which arise in societies organized as political democracies. The case of the United States is used to explore this curious fact. The disjunction between democracy in public life and inequality in private life is resolved by the underground structures of the democratic state. In brief, as a stratified society becomes more democratic, secret police are used to destabilize social and collective movements toward equality. The preferred strategy is to destabilize class enemies abroad and to draw upon the profits of the global capitalist system in order to sustain legitimacy at home without repression or deception. When this is not possible, the crisis of capitalism requires the state to go underground to control class enemies at home. Workers, socialists, women and minority groups come under secret surveillance. Social justice is defeated while the appearance of popular governance is sustained.

In addition to the FBI, the CIA, the NSA, the Drug Enforcement Agency and the Secret Service, the U.S. federal government has eighteen other agencies which engage in surreptitious surveillance of U.S. citizens. To these one must add the secret activities of the urban police in the largest 300 or so American cities. And many states, led perhaps by California, also have a secret state police capacity. Contemporary theory in American sociology on the state, on the whole society, in deviance or in urban theory ignore this most interesting and permanent part of the social order. In her otherwise excellent analysis, Van fosen (1979) devotes one sentence to the role of secret police in maintaining the stratification of power in the U.S. Roach, Gross, and Gursslin don't mention police in their (1969) treatise on stratification in the U.S. nor does Merton (1968) mention the underground structures of the state in his essays on Social Structure and Anomie. One might wonder whether the FBI is rebellious or merely