

CO-OPERATION

Works Councils in Consumers' Co-operative Societies in Germany ⁽¹⁾

THE German Works Councils Act of 1920, the object and principal provisions of which are well known⁽²⁾, applies not only to private establishments, but also to co-operative societies. The application of the Act to consumers' co-operative societies has naturally had results of a special nature, owing to their distinctive orientation, traditions, and aims. In the consumers' co-operative movement the conception of the works council and its functions has aroused much discussion and some attempts have been made at practical realisation. An examination of these attempts is interesting, because they touch on certain problems which are peculiar to the consumers' co-operative movement, such as their special relations with their salaried staff, the relations between consumers and producers, the principle of political neutrality, and so on. Such an examination may be of value to countries which have adopted, or which propose to adopt, a system of works councils. Finally, the discussions

(1) The principal sources which have been used for this article are:—*Konsumentenwissenschaftliche Rundschau*, 1920-1921.

Jahrbuch des Zentralverbandes deutscher Konsumvereine, 1920.

Gemeinschaftliche Sitzung des Vorstandes, Ausschusses, und Generalrats des Zentralverbandes deutscher Konsumvereine, 30-31 Oct. 1919; 11-12 June 1920.

Der Betriebsrat, published by the *Arbeitsgemeinschaft freier Angestelltenverbände*, 1920-1921.

Die Betriebsrätezeitung des Allgemeinen Deutschen Gewerkschaftsbundes, 1920-1921.

The references in the text to the Works Councils Act have been taken from No. 26 of the *Reichsgesetzblatt*, 1920.

(2) See the *Inter. Lab. Rev.*, Vol. I, No. 2, Eduard BERNSTEIN, *The German Works Councils Act and its Significance*; also the International Labour Office *Studies and Reports*, Series B, No. 6, *Works Councils in Germany*.

which have taken place, and which we here reproduce without comment, tend to illustrate both the general and the immediate course of the consumers', co-operative movement in Germany, and also the relations of that movement to the whole social movement.

PRE-REVOLUTIONARY RELATIONS
OF CONSUMERS' CO-OPERATIVE SOCIETIES
WITH THEIR WAGE-EARNING STAFFS

The problem of works councils could not present itself to private establishments in the same way and to the same degree as it presented itself to the co-operative societies. In order to get a clear understanding of it, it is necessary to recall their previous attitude both towards their own staff and towards the trade unions. The conditions under which they compete with private trade, their care for the interests of the consumer, and their primary concern for principles of abstract justice have, as a general rule, made it difficult for them to grant privileged wages to their staffs ; but they have always tried to provide humane conditions of employment, both as to terms of engagement and discharge, as to questions of industrial hygiene, of the length of the working day, of annual leave ⁽³⁾, social insurance ⁽⁴⁾, and on similar points.

At an early stage the *Central Union of Consumers' Co-operative Societies* ⁽⁵⁾ fixed conditions of work and of wages in agreement with the workers' organisations and by means of collective contracts. A special joint organisation, the Wages Board, composed of five representatives of the Central Union of Consumers' Co-operative Societies and five representatives of the workers' organisations, is entrusted with the supervision of contracts so made and of settling any differences which may arise. In addition, the workers' committees ⁽⁶⁾, when they existed, exercised in the consumers' co-operative establishments an influence superior both to that which they were able to command in private establishments and even to that given to them by the Act of 1891 ; indeed, the workers have often found within the consumers' co-operative establishments opportunities for initiating or emphasising reforms.

(3) At the Hamburg Co-operative Congress of 1904 the president of the Bakers' Trade Union said: "...the establishments of consumers' co-operative societies can be quoted as models. It is rare to day to find establishments where the length of the working day is more than eight hours. For a long time past the more important co-operative societies have given holidays to their staff; some even pay in advance the wages for the holiday week."

(4) Cf. *Die Unterstützungskasse des Zentralverbandes deutscher Konsumvereine*, founded in 1905; *die Volksfürsorge Gewerkschaftlich-Genossenschaftliche Versicherungsaktiengesellschaft*, founded 1911.

(5) *Zentralverband deutscher Konsumvereine*.

(6) The workers' committees (*Arbeiterräte*), which were instituted in 1891 by an amendment to the Industrial Code (*Gewerbeordnungsnovelle*), had certain advisory rights in drawing up factory regulations.

It is therefore not unnatural that within the co-operative movement itself there should be a minority of thinkers, who maintain that the co-operative societies, and more especially the consumers' co-operative societies, are the chosen environment in which the works councils can most easily and by a series of experiments arrive at the full development of their influence. The efforts of these thinkers are directed to obtaining for the co-operative works councils a very important extension of the Act. They demand on behalf of the councils a right of intervention in the engagement and discharge of staff, in the fixing of wages-rates, and a right of joint control and co-management. In this article we propose to confine ourselves to giving an account of the attitude adopted by the Central Union of Consumers' Co-operative Societies, and to indicate the discussions which have taken place.

Co-operative thinkers had already raised the question of the precise functions to be attributed to works councils some time before that problem received any legislative solution. As early as the end of 1918 and the beginning of 1919, a year before the promulgation of the Works Councils Act, works councils had been set up in some consumers' co-operative societies. In November 1919 and again in December 1920 the representatives of these first works councils had, in a conference, already tried to determine their duties in a detailed and uniform manner (⁷).

THE LEIPZIG CONFERENCE

The success of these first efforts was only partial, but the conviction that works councils would be called upon to play a very special part in co-operative societies had, in the interval between these two conferences, led to the formation in Berlin of an organisation for joint action of employees and workers in German consumers' and producers' co-operative societies, under the title of the Joint Company of Salaried Employees and Workers in German Consumers' and Producers' Co-operative Societies (⁸). The same idea is clearly illustrated in the discussions and resolution of a conference held at Leipzig in November 1920, after the promulgation of the Act, at which 94 delegates representing 47 co-operative works councils were present (⁹).

General Principles adopted

The resolution is really a manifesto, and since its publication its text has been the basis of discussion as to the functions of

(7) Cf. *Konsumgenossenschaftliche Rundschau*, 25 December 1920, p. 511.

(8) *Aktionsgemeinschaft der Angestellten und Arbeiter deutscher Konsumvereine und Produktionsgenossenschaften*.

(9) *Konsumgenossenschaftliche Rundschau*, 25 December 1920, pp. 511-12.

works councils in co-operative societies. It stresses the need for intellectual and manual workers to knit the consumers' co-operative organisation more closely together from within and to enlarge its sphere unceasingly. It then proceeds to note that the Works Councils Act failed to satisfy working-class claims and adds ⁽¹⁰⁾ :

...Works councils in private establishments are not in a position to take into their own hands the control of production and distribution to the extent which would seem called for by the present position and by working-class demands. In consumers' co-operative societies the position is different. These societies must satisfy the claims put forward on behalf of works councils, whatever may be the terms of the Works Councils Act itself. They must serve as a weapon in the hands of the proletariat; they must serve as models for works councils in private establishments; they must contribute to assist the co-operative societies to become effective distributing agencies, in spite of any attacks made on them by private industry.

The privileged position which will be allotted to co-operative works councils in contradistinction to those in private establishments will impose the duty of acting as vanguard of the movement, and of seizing every opportunity of exercising their functions and using their experience in the interests of the working classes.

The authors of the resolution subsequently define the functions which they wish to see entrusted to works councils in consumers' co-operative societies in the same spirit and with the same purpose in view. Six principles are laid down, not all, however, of equal importance. The necessary elasticity of action must be combined with the necessary uniformity. Each local council, therefore, will have regard to the special conditions of its own co-operative society in applying general rules; it will, in any case, submit its plan of action to the special central organisation of works councils in co-operative societies. (Principle No. 5). Principles Nos. 3, 4, and 6 determine the functions of works councils in reference to engagement and discharge of staff, wages and conditions of work, and control over technical processes and sanitary arrangements.

Engagements and Discharges. Principle No. 3, which relates to engagement and discharge of staff, goes much further than the provisions of the Act. The Act only gives the works council the right of being informed "as long beforehand as possible" in cases of engagement or discharge, which are of a certain importance (Section 74), and the further right of receiving the complaints of the worker, if and when he attributes his discharge to a cause not admissible under the terms of Section 84 of the Act. Should such complaint appear justified, a works council has the additional right, under Section 86, of entering on negotiation with the employer with a view to an agreement, and, failing such agreement, of an appeal to the conciliation committee.

(10) *Ibid.*

While in private establishments the works council only holds a watching brief on such a question as this, and only exercises a limited right of control, subject to reservations and formalities, the aim of the Leipzig resolution is to give the councils of co-operative societies of all grades rights equal to those of the managerial staffs : "the assent of the works council shall be required for each engagement and discharge of staff, including those affecting persons in managerial positions".

Wages. In determining wages and work conditions, Sections 66, 78, and other Sections of the Works Councils Act endow works councils with powers of intervention only in the absence of collective agreements, and in any case provide for collaboration with the trade unions.

In principle the Leipzig resolution also sanctions such collaboration with the unions. Principle No. 4 of that resolution states : "work conditions and wages-rates shall be discussed jointly with the trade unions concerned". But another phrase within the same paragraph seems to be in contradiction; this phrase runs : "wages-scales at present in operation in different grades shall as far as possible be levelled up"; it does not seem possible that the unions should consent to such a levelling process. As a matter of fact, the attitude of works councils to trade unions is not actually stated anywhere in the Leipzig resolution; but a certain amount of light is thrown on it by a special declaration to the effect that works councils of co-operative societies must not propose to compete with trade unions, a resolution which, nevertheless, also contemplates cases in which, under certain conditions and with certain reservations, works councils might conceivably take the place of the unions : "in co-operative societies, which have reached a high stage of development, the future works council will, in agreement with the trade unions, be competent to negotiate with the management questions relating to conditions of service and work, the burden of determining which will thus be lifted from the shoulders of the trade unions".

Control of Industry. In the matter of sanitary arrangements, Sections 66 and 68 of the Act empower the works councils to give their assistance to the factory inspectors; for this No. 6 of the Leipzig resolution principles substitutes a right of direct control. It also extends such control to cover technical processes, a sphere in which the Act only gives the works councils advisory powers, under Section 66, Paragraph 1, and a duty of active collaboration, under Section 66, Paragraph 2. The wording of this one of the Leipzig Principles is : "that the works council shall uninterruptedly supervise technical processes and sanitary

arrangements in co-operative establishments, with a view to their working under conditions conducive to the highest possible output.

Co-management Over and above these functions, which are viewed as accessory or as external, the Leipzig conference aimed at assisting the works councils to penetrate into the very centre of co-operative activity and placing them in a position where they would exercise an unlimited right of control and the right of co-management. The two first Principles of the resolution, which deal with this idea, are the most important and interesting. They run :—

(1) The works council shall be represented as a body on all administrative organs. There will thus be no meeting of the Control Board, the Board of Directors⁽¹¹⁾ or any other administrative organ in which the works council of the co-operative society does not take part. In addition, members of the works council shall be appointed as delegates to all district or national congresses, and to conferences of purchasers' unions.

(2) The works council shall in principle control the whole of production and of purchase, as well as the origin and the destination of goods.

On these points the Leipzig resolution goes considerably farther than the provisions of the Bill which was drafted with a view to carrying out Section 70 of the Act⁽¹²⁾; it also goes farther than the claims formulated not long previously by a conference of all the German works councils, held at Berlin on 5 and 6 October 1920. The Berlin resolution, which was passed unanimously, only asked that works councils should be represented at meetings of the Control Board. It shows the spirit in which this claim was put forward in a rather striking way.

The works council shall represent the general interest on the Control Boards; they shall be entitled to present all wishes or proposals of a nature to further the general interest and to oppose any wishes or proposals brought forward by other members of the Board which are contrary to the general interest⁽¹³⁾.

(11) In German co-operative societies the *Board of Managers (Vorstand)* is the permanent managerial body. Its members have functions similar to those which in the practice of the French co-operative societies are exercised by the '*administrateurs délégués*'. The *Control Board (Aufsichtsrat)* has chiefly supervisory functions, but it is also consulted when important action is undertaken.

(12) The *Betriebsrätezeitung des Allgemeinen deutschen Gewerkschaftsbundes* of February last states that the Bill in question has been laid before the Central Economic Council. This Bill provides that works councils shall send to the Control Board either one or two representatives, according as the Control Board contains a number of members less than, equal to, or in excess of, five. The workers' members shall have the same rights as other members of the Board.

(13) *Der Betriebsrat*, 15 November 1920, p. 19.

The above gives an outline of the main points of what may be called the Leipzig programme. The arguments brought forward at the time of the discussion and the accompanying preamble help to show the spirit inspiring that programme and in which it is to be applied.

The last part of the preamble of the resolution clearly betrays its character:—

The co-operative and trade union movements will only be able to meet the demands made on them in so far as they put into practice a revolutionary policy which is definitely conscious of its aim. Works councils in co-operative societies must take special care to see that their collaboration with central works councils, trade unions, and co-operative societies is consistently inspired by the principle of the class war; they must oppose every attempt which might lead the consumers' co-operative societies to compromise themselves by collaboration between the classes.

While consumers' co-operative societies are bound to make use of their power of controlling distribution in order to fight the socialist battle, works councils in such societies are themselves both the instrument and centre of revolutionary action. This is the starting point of their action relative to other works councils and towards the whole proletariat (14).

In the opinion of one member (15) of the conference, a manager of one of the most important of the consumers' co-operative societies, a society in which the scope of the works council has been considerably widened, the discussion throughout kept clear of the purely sectarian point of view and was marked by great sympathy for co-operative principles. Speakers again and again stressed the need for avoiding making discussion of wages-rates a principal activity of the councils, or for taking any decisions on this point calculated to do harm to the societies; they were averse to strikes, thought that it ought to be easy to come to a settlement as to work conditions in the societies, and to effect prompt settlement of disagreements between managerial staff and the councils; the first interest of the councils should rather be to help on the co-operative movement, now recognised to be one part of the working-class movement as a whole. It is an interesting detail that the Leipzig Conference should have unanimously admitted the need for a cash surplus on sales in order to enable the societies to develop and to procure legitimate advantages for their members.

ATTITUDE OF THE CENTRAL UNION OF CONSUMERS' CO-OPERATIVE SOCIETIES

The above conception of what should be the function of works councils in co-operative societies was only adopted by a relatively small number of these societies. Nor does it seem certain that all the societies adopting it did so spontaneously, or without outside pressure. Among the societies

(14) Cf. *Konsumgenossenschaftliche Rundschau*, 25 December 1920, pp. 511-12.

(15) *Ibid.*

which tried to put these ideas into practice, however, there were some of considerable importance; in fact, it was the great Co-operative Society of Berlin and Outer Berlin which seems to have initiated the movement. The experiment has not lasted long enough to allow of any definite conclusions. All that can be said is that these experiments supply as many arguments to critics as to supporters.

It should also be remembered that the Leipzig resolution was only approved by the representatives of 47 co-operative works councils, although there existed in Germany at the end of 1920 about 45,000 co-operative societies of various kinds, including nearly 1,300 societies affiliated to the Central Union of Consumers' Co-operative Societies. Nevertheless, the resolution would appear since then either to have been accepted in principle or adopted in practice by other co-operators. Those putting it into practice are so far only a small minority, and perhaps a still smaller minority approve of it without any reservations.

As a matter of fact, even leaving out of account the opinion of those who drafted or accepted the Leipzig programme, there is not complete unanimity on the various points of the programme among consumer co-operators.

Nevertheless, from statements made at meetings, conferences, and in the press, the enquirer may observe and gather a general attitude, varied and yet consistent, characteristic of the views of the consumers' co-operative movement on the principal social problems of their country.

Attitude to the Works Councils Act

In order to understand the opinion above all of the Central Union of Consumers' Co-operative Societies towards the Leipzig programme, it is first necessary to form some idea of their attitude towards the Act itself and its immediate or ultimate consequences.

The Works Council Act appears to them to incorporate two chief purposes; in the first place, it offers the worker a means of putting a statement of his interests before his employer and of protecting them; in the second place, it attempts to lead the way towards the socialisation of industry by helping the worker to obtain an increasing share in management. The first of these two purposes is attained by those provisions of the Act which complete and extend the functions of the old workers' committees. These provisions correspond to the claims put forward by the most powerful among the trade unions, and the Act here hardly does more than make universal and legalise powers, which, before the war, had already been in the hands of certain of the larger trade unions, for instance, the compositors.

When we come to consider the second purpose of the Act, the position of the consumers' co-operative societies is much

more delicate. The whole political and social bearing of the Act is defined in the light of this purpose ; it is the object to which all parties apparently attach the most importance. All the discussions which preceded and followed the vote on the Act demonstrate that the Act originally aimed at, and that its supporters more and more emphatically demand, the right of defending the community interest as against the interest of private capital. It is from this point of view, as we have already seen ⁽¹⁶⁾, that the first works councils congress justified the representation of works councils on boards of control. The idea is defined in some phrases of an article in the *Betriebsrätezeitung*, which declare that "works councils, in claiming control over production, aim at defending the interest of the consumer and of the community as against the private interest of the directors". In the process of controlling production the interest of the consumer will be defended "by fighting profits so excessive as to limit consumption, by fighting the production of goods of inferior quality or the export of commodities which are needed by a country itself, etc."

If this is really one of the purposes of a works council, it would seem to follow that a works council should play a different rôle according to whether it functions in a private business or in a co-operative society. The co-operative society is, in its very essence, already a collective economic institution representing the general interest, i.e. the interest of the consumers, as against the interests of private capital. In a co-operative society the board of management, together with the general meeting in larger societies, occupies a very different position from that occupied by the board of management in a limited liability company. In a limited company it represents the interests of the capital which has been invested in the company with a view to making a profit ; in a co-operative society it represents the interests of the whole body of the members in so far as these are opposed to the interests of private capital. It might appear superfluous to introduce new organs having exactly the same object in view ; strictly speaking, if co-operation is to continue its community character and to represent the general interest, it is neither desirable nor in harmony with the principles whether of a works council or of a co-operative society that boards of control should include members who do not represent the whole body of co-operators, but have been nominated by a relatively small fraction ⁽¹⁷⁾.

The idea of a works council is therefore completely foreign to the co-operative principle ; not because the co-operative principle will not admit of democratic control, but because it

(16) See p. 193

(17) *Konsumgenossenschaftliche Rundschau*, 22 Jan. 1920, p. 34.

has already realised such control in another way. This is the explanation of the special effect of the Act on co-operative societies. The works council in a private business in part only takes the place of earlier institutions, which resemble it both in purpose and in method; partly, and where it assumes a share in control or management, it is fulfilling new functions. But in a co-operative society, on the contrary, it is merely an addition to, or a repetition of, and possibly even an enemy of, already existing institutions and customs, which have already carried out its aim, although possibly in a different way⁽¹⁸⁾.

These underlying principles and arguments are amply illustrated in the organ of the Central Federation of Consumers' Co-operative Societies, the *Konsumgenossenschaftliche Rundschau*, and in all the half-yearly sessions held since October 1919 by the Councils of the Federation. They do not exclude a sincere wish to apply the Act, but they emphasise the results which must flow from its application.

On this basis the Wages Board met on 2 March 1920. The members decided that it would be necessary to leave the two parties, co-operative societies and works councils, time to make a fair trial of the provisions of the new Act and to adapt themselves to it.

The representatives both of the trade unions and the co-operative societies on the Board therefore came to a unanimous agreement that there was no need for the co-operative societies to demand that separate provision should be made for them under the Act⁽¹⁹⁾.

At the joint meeting at Harzburg on 11 and 12 June 1920 of the Board of Managers, Committee, and General Council of the Central Union, it was recognised that only experience in the working of the Act could prove the need for, and suggest the lines of, any special future proposals to be laid before the co-operative societies. The following resolution was unanimously adopted after a long and animated discussion :—

The Board of Managers, the Committee, and the General Council of the Central Union of German Consumers' Co-operative Societies, in their joint meeting of 11 and 12 June 1920, confirm the decision of the Wages Board, which declares that it is at present unnecessary to formulate special principles for the application of the Works Councils Act to co-operative establishments. Co-operative societies shall, in agreement with trade unions and works councils, apply the provisions of the Works Councils Act in its present form⁽²⁰⁾.

(18) In certain cases the workers in co-operative establishments refused to form a works council and explained their refusal by saying that such a council would only mean setting up a new organ of control. See report of the joint session of 11 and 12 June 1920 of the Board of Control, the Executive Committee, and the General Council of the Central Federation of Consumers' Co-operative Societies, pub. by the German Consumers' Co-operative Publishing Society (*Verlagsgesellschaft deutscher Konsumvereine*) p. 98.

(19) *Ibid.* 11 and 12 June, 1920, p. 80.

(20) *Ibid.* 11 and 12 June, 1920, pp. 79 and 99.

This resolution was finally approved by the Seventh Congress of the Central Union of Consumers' Co-operative Societies which met about the same time at Harzburg. It may now safely be stated that all the co-operative societies where there is a works council are loyally carrying out the terms of the Act in a not ungenerous spirit ⁽²¹⁾.

The Harzburg resolution and the way in which it is daily being carried out by the societies illustrate the attitude of the Central Union on the subject of the Act. It is an attitude which is both law-abiding and liberal, cautious, and faithful to the pledges previously entered into with the trade unions. It embodies the underlying principle of the Leipzig programme and anticipates it, and thus explains the attitude of the Central Union towards that programme, which was drafted some months after the Harzburg Congress. From that time on the discussion which had begun in October 1919 is continued at conferences and in the co-operative press with an interest and fulness which serve to illustrate every aspect of the problem and its significance in the consumers' co-operative movement.

Attitude to the Leipzig Programme

Co-operators as a whole display no general or marked hostility to the Leipzig programme; they are even sympathetic to some of its principles. On the other hand, they are sometimes afraid of discovering in it tendencies incompatible with their peculiar traditions and their peculiar social ideals. In spite of this, they have tried, without sacrificing their own principles, to make a careful examination of every detail, both from the theoretical and from the practical point of view. It is more especially from the latter standpoint, for reasons of practice, expert knowledge, or law, that they are induced to make important reservations or even to reject some of the suggestions.

Working Conditions

They note that in questions of engagement and discharge of staff and of wages the programme hands over, or tends to hand over, to the works councils functions which belong either by agreement or by custom to the trade unions, or else by legal or statutory provisions to statutory bodies of the society.

Now the Works Councils Act has explicitly safeguarded the rights of the trade unions. In Section 8 it states that "rights possessed by associations of workers or employees to represent the interests of their members shall not be affected by the provisions of the present Act", and it specifically ⁽²²⁾ states several times that the activity of the works council

(21) *Ibid.* 11 and 12 June, 1920, p. 94.

(22) See Sections 66 (5); 75; 78 (1, 2, 3).

must be subordinated to the provisions of collective agreements. The works council, even when it acquires certain functions which were previously exercised by the trade unions or their agents, must not try to replace the trade unions, but must only, on the contrary, lend them its assistance as an auxiliary body. In addition, Section 31 of the Act under certain circumstances grants the unions a right of being represented at meetings of the works council. The unions themselves have no intention of allowing their influence to weaken or their rights to lapse. The Central Union of Consumers' Co-operative Societies has no wish to encourage tendencies which are openly or covertly hostile to the unions and which might possibly be interpreted into the Leipzig programme. The recent practice of certain societies would appear to be in imitation of these tendencies⁽²³⁾. The Central Union, for its part, proposes to abide loyally by the decisions which were made in agreement with the representatives of the workers' organisations on the Wages Board.

All negotiations for modification of work conditions and wages shall be conducted with the central committees of the trade unions concerned or with their representatives. The co-operative societies pledge themselves to reject any modification of existing agreements submitted to them by any other party. The Wages Board declares invalid all agreements concluded by the co-operative societies in virtue of negotiations entered into with organisations other than the trade unions concerned or their representatives⁽²⁴⁾.

Finally, at one of their later meetings the Board of Managers and the Executive Committee of the Central Union of Consumers' Co-operative Societies made a point of stating that, now as in the past, the trade unions alone would be recognised as parties to labour contracts⁽²⁵⁾.

Engagements and discharges

All consumer co-operators undoubtedly admit as entirely legitimate the claim, embodied in Principle No. 3 of the Leipzig programme on behalf of workers and employers, that no employer or employer's representative shall be entitled to take decisions on questions of engagement or discharge of staff on his sole judgment, without being subject to control or to appeal⁽²⁶⁾. They point out, however, that the question

(23) At Berlin, Brunswick, and Halle notably, the co-operative works councils have asked that the trade unions shall not intervene in fixing conditions of wages and of work; cf. *Report of the Joint Session*, 30 and 31 October 1919, p. 72. Similarly, the Central Union of Bakers, Pastrycooks, and Allied Trades did not succeed in signing a labour contract with the Auditing Union of Consumers' Co-operative Societies of Eastern Germany, because the largest co-operative societies had already concluded agreements with their works councils; cf. *Deutscher Bäcker-Konditoren-Zeitung*, 26 Jan. 1921.

(24) Decisions of the Wages Board, 30 January, 5 June 1919, confirmed on 4 December 1919; cf. *Jahrbuch des Zentralverbandes deutscher Konsumvereine*, 1920, p. 709.

(25) *Konsumgenossenschaftliche Rundschau*.

(26) *Report of the Joint Session*, 30 and 31 October, 1919, p. 70.

does not arise in consumers' co-operative societies. Cases of unjust dismissal have, practically speaking, never occurred, and the workers' delegation has in any case a right of intervention on this as on other questions ; on the other hand, the Board of Managers and the Control Board are not in the habit of exercising their right of engaging staff ; all they do is to send to the trade unions concerned a statement of the labour they need. The approval of the works council of the appointment or the removal of persons occupying managerial positions is impossible in law and is obviously open to serious technical objections. In nearly all consumers' co-operative societies members of the Board of Managers are elected by the general meeting ; while as regards the appointment of heads of services, managers, and inspectors of branch stores, it may well be a question whether the works council can be absolutely relied upon to base its choice invariably on capacity alone, or whether it will not sometimes be influenced by the relations between the candidate and the staff ⁽²⁷⁾. Finally, it is important not to forget that by the terms of Section 41 of the Works Councils Act, a works council can be recalled practically at any moment. A new council might reverse the decisions of a previous council, thus making all continuity in business management impossible.

Wages

Principle No. 4 of the Leipzig programme deals with the fixing of wages. Here it is worth while to compare the texts of the two Leipzig resolutions, the one defining the functions of works councils in co-operative societies and the one which attempts to regulate their relations with the trade unions. The recent policy of the works councils in certain co-operative societies is another factor ; and here there is every reason to fear, that in spite of certain verbal safeguards, the works councils are looked on in the light of wage boards. Now it is with the trade unions that the co-operative societies undoubtedly mean to continue to regulate such questions, following well-established policy. Again, the attempt to level up wages can neither be considered adapted to promote the working of co-operative societies on an economic basis, nor can it result in anything but an annulment of agreements signed with the great workers' organisations ⁽²⁸⁾.

Co-management

Finally, it is inevitable that the question about which the authors of the Leipzig programme were most concerned, and which they embodied in Nos. 1 and 2 of their Principles, namely, the question of control and of represen-

(27) *Ibid.* 30 and 31 October 1915, p. 74.

(28) *Ibid.* 11 and 12 June 1920, pp. 81 and 92.

tation of the works councils on the various organs constituting a co-operative society, should be exactly the question arousing the greatest uneasiness among co-operators. The Act has made no special provision for co-operative societies ; it will, therefore, be loyally applied by them, and works councils representatives, wherever such a course is voted, will sit on the Control Boards in enjoyment of the same rights as the other Board members. But for the present the Leipzig programme must necessarily remain inoperative, even where it only states that works councils must share in the work of the Control Boards ; this is contradictory to legislation which is still in force, and could not be carried out until the Act to apply Section 70 of the Works Councils Act has been passed, and the Commercial Code, the Companies Act, and the Co-operative Societies Act have all been amended. Section 36 of the Co-operative Societies Act does, as a matter of fact, run : "The Control Board shall be constituted, unless the statutes provide for a higher number, of three members *to be elected by the General Meeting*. Section 38 of the same Act actually provides against any provisional arrangements, in laying down that "the members of the Control Board *cannot delegate the exercise of their functions to other persons*" (29).

Again, the collaboration of works councils representatives at meetings of the Board of Managers, in the fixing of prices and in purchases, would be either purposeless in practice or would hinder the effective business working of a co-operative society. Responsibility for the buying policy of a society cannot possibly be shared between a large number of persons, even if otherwise competent ; this is the reason why control boards, which used in some societies to take part in the buying policy, now no longer do so. Even if it were desirable, the collaboration of a works council in the buying policy of a society could not be easily arranged ; purchase is made, not at a date and an hour fixed beforehand, but at favourable opportunities. In the same way, the share of works councils in the deliberations of the Board of Managers would be an illusory share, at any rate in the large societies ; business has to be settled and decisions have to be taken instantly, at the right opportunity or moment, and not when the Board of Managers happens to have a meeting (30).

The above is an outline of the reservations made, on points of law and of practice, by the Central Union of Consumers' Co-operative Societies in discussing the Leipzig programme, in so far as that programme goes beyond the Works Councils Act. Apart from any positive value which such reservations may have, the Central Union only attaches

(29) *Ibid.* 11 and 12 June 1920, p. 83.

(30) *Ibid.* 30 and 31 October 1919, pp. 72, 73. The Austrian Wholesale Society has also rejected a request presented by the works council for representation on the Board of Managers.

importance to them, where consumers' co-operative societies run any danger of being at a disadvantage in their competition with private trade.

Discussion of Principles

Nevertheless, the Central Union is also of opinion that the Leipzig programme would involve a complete revision of the principles, and a fundamental recasting of the organisation, of the consumers' co-operative movement, whose very existence it would imperil. Even the Act has not been unreservedly approved by co-operators ; but the Leipzig programme entirely fails to recognise the true spirit and social value of co-operation. "Consumers' co-operative societies," stated one of the most responsible representatives of the Central Union, "are based on the free association of consumers who are free to dispose of their power of consumption. The liberty of the consumer creates the democracy of the consumers' co-operative society, which governs itself through its Board of Managers and Control Board... It is a contradiction in terms to wish the works councils of consumers' co-operative societies to represent the interests of the consumers".

The Central Union has no intention of shirking the obligations which the Act imposes as to the allotting of seats, with voting power, to works councils representation. A considerable number of co-operators are even inclined to admit works councils representatives on the other organs of the societies or of the federations of societies, though only with a consultative voice. Such co-management by the staff appears to them both desirable and possible. It would be desirable in the interests of the workers, to whom it would give an opportunity of understanding the machinery of business, of coming into contact with certain problems of economics, and of forming or widening their judgment : the co-operative societies would thus help to educate their staff, as they have served and are serving to educate their managers⁽³¹⁾. The co-operative societies would profit themselves, for they would make use of the brains of their staff; again,

(31) The *Betriebsrätezeitung*, the organ of the works councils of the General Federation of German Trade Unions, adopts an attitude to the Leipzig programme which in its reservations and shades of opinion is very similar to that of the Central Union of Consumers' Co-operative Societies. In its number of last February the *Betriebsrätezeitung* remarks that the technical control of an industrial or commercial establishment cannot be improvised, but implies that those who exercise it are possessed of a competence which they must first demonstrate. It says further that the fact of having been elected a member of a works council does not constitute sufficient guarantee of a sound judgment and clear insight into business, and that works councillors are necessarily still apprentices, obliged, before playing the part to which they aspire, to gain the necessary knowledge and qualifications. It considers that until then, if they are conscious of their responsibilities, they must exercise their functions with prudence.

workers and employees would be more closely in contact with the life of the organisation and more conscious of its functions even for the purpose of carrying out their regular duties ; the enthusiasm which comes from working for a common cause would be theirs ⁽³²⁾. This form of co-management would be possible and not inconvenient, as is proved by experiments already made in a certain number of societies. A few examples may be given. The works council in the Hamburg co-operative society *Produktion* has two votes on all boards and meetings, including, where the agenda touches work or health arrangements, the joint meetings of the Board of Managers and the Control Board ⁽³³⁾. In the Nüremberg Co-operative Society the staff has not asked for voting power, nor for any share in buying policy or in general business management ; but it has been represented with a consultative voice on all the boards since April 1920 ⁽³⁴⁾. Similarly, the works council of the Dortmund *Konsum- und Sparverein*, which was formed in October 1909 before the passing of the Act, has a fairly wide right of representation ; it has, in addition, the right of asking for information on buying and sales policy, but takes no positive share in commercial transactions. It intervenes in questions of work and of wages ; wages, however, are determined by degrees of skill and continue to be settled by the trade unions. The works council must assent to all engagements and discharges of staff, except in the case of members of the Board of Managers. With its rights it assumes certain responsibilities, and is bound to see that all those who are employed in the co-operative society perform their work conscientiously. In cases of disagreement between the management and the works council, the general meeting of members, which is the supreme democratic court of the society, passes judgment ⁽³⁵⁾.

Managers of these societies, and of societies which have widened the functions of their works council along similar lines and to a comparable extent, state that they are, in general, satisfied with the results of their experiment. There is, besides, every reason to think that within these limits the wider scope of the works council in consumers' co-operative societies would rouse little or no objection even from those among the representatives of the Central Union who are most vigorously opposed to the Leipzig programme ⁽³⁵⁾. But it must be understood that there is no room in co-operative

(32) *Report of the Joint Session*, 11 and 12 June 1920, pp. 91, 93.

(33) *Ibid.* 30 and 31 Oct. 1919, p. 68.

(34) *Ibid.* 30 and 31 Oct. 1919, p. 77.

(35) *Richtlinien für den Betriebsrat*, Dortmund, 29 Oct. 1919.

(36) "If the provisions in force in the *Produktion* at Hamburg were introduced everywhere, we should have no need of any discussion on works councils, because that would do very well": Paul Hoffmann at the Joint Session, 30 and 31 October, 1919, p. 68.

organisations for anti-democratic privileges. On the contrary, "if the works councils mean to behave as really democratic members of the co-operative democracy and to try, in an impartial and loyal way, to protect the common interest of all the members, they will have ample opportunity and means for exercising the functions given to them by the Act in the co-operative societies, and their collaboration there will be welcomed as that of every sincere friend would be" (37).



(37) *Konsumgenossenschaftliche Rundschau*, 22 January, 1921, p. 34.