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Industrial Relations and the Reorganization of Work in West Germany: Lessons for the U.S.

Abstract

[Excerpt] Some have suggested that to compete in the new world economy we must not only adopt Japanese production practices but also abandon Western traditions of independent unionism. When U.S. trade unionists naturally resist, they are criticized as "adversarial." My argument is that U.S. managers do not need to break the unions or to transform them into subordinate enterprise unions in order to gain the benefits of new work organization. Rather than looking only to Japan for ways to get us out of our current competitive predicament, we should also look to Europe. A particularly useful example is West Germany, whose world-class export strength is widely recognized. Here we find an approach that is more compatible with our own industrial relations traditions; and hence more likely to be acceptable to U.S. workers and thus viable in the long run. As the West German case suggests, and as this chapter demonstrates, productivity-enhancing work reorganization, including various forms of participation and teamwork, is not only compatible with but may even be enhanced by strong, independent unionism.

It is important to consider the West German experience because of the increasingly obvious limitations to the wholesale adoption of the Japanese approach in the U.S. In the past ten years or so, American managers have been both frightened by and infatuated with the Japanese model. In the scurry to make firms and plants more competitive, managers have introduced new technologies, redesigned products, reorganized production and supplier networks, moved toward "lean production systems" (Krafcik, 1988), and in some cases attempted to introduce new shop-floor teamwork and cooperative employee or labor-management relations (Katz, 1985; Kochan, Katz, and McKersie, 1986; Luria, 1986). With both the success of the Japanese and the pressure of intensified competition in mind, American managers have moved to reorganize work and to adopt new innovations in employee compensation and participation. The new wisdom suggests that we need to motivate workers, to draw out their input and commitment rather than treat them as cogs in a machine. Where firms are able to avoid unions, they do so, arguing that the old adversarial unionism is incompatible with new participation and teamwork. Where unions are entrenched, managers have often tried to trade some union engagement in managerial decisions in return for a loosening of work rules.

Keywords

industrial relations, West Germany, United States, unionism, labor market

Disciplines

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Industrial Relations and the Reorganization of Work in West Germany:

Lessons for the U.S.

Lowell Turner

Introduction: Japanese Success Spurs Work Reorganization

In recent decades, the extraordinary rise of Japanese manufacturing, the general intensification of world market competition, and the rapid advance of microelectronic technology have posed competitive problems for U.S. industry. Central to Japanese success are patterns of work organization and industrial relations quite different from those in the U.S.: on the one hand, the flexible deployment of shop-floor labor, often in teams; on the other hand, harmonious labor-management relations in which managers build consensus with enterprise unionistsⁱ. The outcome is high productivity and top-quality production. How can traditional U.S. industry—with its clearly spelled out work rules, authoritarian management, and combative labor-management relations—compete with "team Japan"ⁱⁱ?

Some have suggested that to compete in the new world economy we must not only adopt Japanese production practices but also abandon Western traditions of independent unionism. When U.S. trade unionists naturally resist, they are criticized as "adversarial." My argument is that U.S. managers do not need to break the unions or to transform them into subordinate enterprise unions in order to gain the benefits of new work organization. Rather than looking only to Japan for ways to get us out of our current competitive predicament, we should also look to Europe. A particularly useful example is West Germany, whose world-class export strength is widely recognized. Here we find an approach that is more compatible with our own industrial relations traditions; and hence more likely to be acceptable to U.S. workers and thus viable in the long run. As the West German case suggests, and as this chapter demonstrates, productivity-enhancing work reorganization, including various forms of participation and teamwork, is not only compatible with but may even be enhanced by strong, independent unionism.

It is important to consider the West German experience because of the increasingly obvious limitations to the wholesale adoption of the Japanese approach in the U.S. In the past ten years or so, American managers have been both frightened by and infatuated with the Japanese model. In the scurry to make firms and plants more competitive, managers have introduced new technologies, redesigned products, reorganized production and supplier networks, moved toward "lean production systems" (Krafcik, 1988), and in some cases attempted to introduce new shop-floor teamwork and cooperative employee or labor-management relations (Katz, 1985; Kochan, Katz, and McKersie, 1986; Luria, 1986). With both the success of the Japanese and the pressure of intensified competition in mind, American managers have moved to reorganize work and to adopt new innovations in employee compensation and participationⁱⁱⁱ. The new wisdom suggests that we need to motivate workers, to draw out their input and commitment rather than treat them as cogs in a machine. Where

firms are able to avoid unions, they do so, arguing that the old adversarial unionism is incompatible with new participation and teamwork^{iv}. Where unions are entrenched, managers have often tried to trade some union engagement in managerial decisions in return for a loosening of work rules.

There is, however, an inherent instability in the attempts of managers either to challenge unions directly, to move around them, or to transform local unions into Japanese-style enterprise unions. This instability lies in the fact that, in spite of the long-term decline of union membership density in the U.S., a tradition of strong, independent unionism remains firmly entrenched throughout much of U.S. manufacturing. Managerial initiatives that aim to weaken union strength and independence meet with resistance; and the conflicts that are played out, even if management is successful in the short run, often undermine the trust necessary to build genuine worker participation and cooperative industrial relations over the longer term^v.

It has also become increasingly evident that for workers and society there are serious problems with the Japanese approach. These include speedup, intensely competitive intra-workforce relations, and the absence of independent representation in a system where unions function as an arm of management (Kamata, 1973; Dohse, Jurgens, and Malsch, 1985; Deutschmann, 1987; Fujita, 1988). While we may need elements of the Japanese system in order to get U.S. industry back on sound competitive footing, we do not want or need the whole model.

What we need, rather, is to develop our own approach, starting from the institutions already in place. I would suggest that as we cast about for new ideas—for elements of other models that can be incorporated at home—we look not just to Japan but to Western Europe as well, with its traditions of independent labor organization that are closer to our own^{vi}.

The Argument: Look to Europe as well as to Japan

Not too long ago, it was fashionable in policy and academic circles to view Europe as a region of the advanced industrial world that was in decline. The tired "old country" European societies had spent their postwar economic miracles and were now beset by the demands of special-interest groups, especially labor. Burdened by high wages, rigid labor markets, and supposedly excessive welfare spending, the countries of Western Europe, in this view, had stagnated and could no longer muster the resources for research and development, new investment, and technologies required in today's markets (Olson, 1982; Scott, 1985). "Euro-sclerosis" became a catchword to describe the decline, as policymakers in Washington looked to their own free market approaches or to the competitive challenge from Japan.

Just as suddenly, it seems, Euro-sclerosis has vanished from the discourse, replaced by concerns with the "European juggernaut" as 1992 approaches^{vii}. Among other things, exciting developments in new work organization, technological change, and industrial relations have come into focus in these societies (Kern and Schumann, 1984, 1989). In particular, West Germany stands out as a major industrial power with large export surpluses, coping well so far with the Japanese trade challenge, with an active welfare state, and a strong labor movement to boot^{viii}.

As an indicator of contrasting patterns of industrial relations, we will consider evidence from the West German and U.S. auto industries, comparing stable and successful industrial relations practices in West Germany with more problematic developments in the U.S., to see what lessons there might be from this non-Japanese source. The West German auto industry in the 1980s offers an example of ongoing work reorganization, excellent industry performance, stable but changing industrial relations, and a strong union role, in which independent, unionized works councilors were increasingly integrated into processes of managerial decision-making (Qiirgens, Malsch, and Dohse, 1989; Streeck, 1989). In order to generalize the argument, we will also look briefly at two other industries: telephone services and apparel.

For a general picture, we look first at the nature of industrial relations in West Germany (for which the auto industry, as in the U.S., often plays a pattern-setting role). To understand how this system actually works in the contemporary period, we then look in some detail at the politics of work reorganization in West Germany's largest auto-works: the Volkswagen plant in Wolfsburg^{ix}. We contrast the German approach with that to date in a variety of U.S. auto factories, including the well-known New United Motor Manufacturing, Inc. (NUMMI) plant in Fremont, California. The detailed comparison allows us to ponder what the U.S. can learn from German experience.

Industrial Relations in West Germany

In some ways, the development of postwar industrial relations in West Germany parallels developments in Japan. In both countries, resurgent socialist labor movements were defeated by conservative, pro-business forces in the early 1950s as a new industrial relations order took hold. When the Adenauer government passed the Works Constitution Act in 1952, the West German labor movement lost a major political battle. This Act set up a dual system, in which plant-level works councils were legally separated from union control^x. As the years went by, the labor movement's stated historic mission of the transformation of society gave way to negotiations with employers, employer associations, and political groupings within the capitalist system for immediate worker gains and modest social reforms (Bergmann and Muller-Jentsch, 1983; Markovits, 1986).

But the "taming" of the West German labor movement was a far cry from the defeat of independent unionism and the incorporation of organized labor into enterprise unions in Japan. West German labor retained its independence through a structure of sixteen national industrial unions, organized into one labor federation (the *Deutscher Gewerkschaftsbund*, or DGB)^{xi}. Although the allied occupation forces would not let West German unions have a *centralized* labor movement (the DGB is formally decentralized, as is the AFL-CIO in the U.S., with power residing in the member unions), unionists settled for a *cohesive* labor movement (see below). In spite of the perceived danger of company unionism (called "yellow unionism" in Germany) inherent in the dual system, the works councils, especially in the auto industry, came to be dominated by members of DGB unions and increasingly became vehicles for the expression of union interests.

The structure and postwar evolution of industrial relations in West Germany have been well described at length elsewhere (for useful recent English-language presentations, see Bergmann and Muller-Jentsch, 1983; Markovits, 1986; Katzenstein, 1987; Thelen, 1987; and

Berghahn and Karsten, 1987; for the best English-language study of industrial relations in the West German auto industry, see Streeck, 1984). The structure—required and permissible activities of works councils, unions, and managers—within this system is well regulated by law, but the actual behavior of the parties as well as the negotiated outcomes are very much the product of political and organizational decisions and the relative success of contending strategies within the legal framework. It is both the laws *and* the outcomes of particular strategies, conflicts, and negotiations that have shaped the current institutional arrangements.

The key characteristics of contemporary industrial relations in West Germany, in its actual workings, are:

1. Works councils legally independent of both union and management, democratically elected by the entire workforce, empowered by law, precedence, and plant and firm-level agreements to consult with management *prior* to the implementation of decisions affecting personnel (including work organization and the use of new technology). In many cases, they participate actively in managerial decision-making processes (with veto rights), especially in matters of personnel policy (such as hiring, firing, training and retraining, and reassignment in the event of work reorganization and technological change);
2. Close union—works council relations, with the works councils usually dominated by union members, who are chosen to run either individually or as part of a list from the ranks of the union-organized shop stewards; works councillors are thus often union activists who work closely with the local union office as well as the shop-floor union representatives (in representational work that is significantly overlapping);
3. Regional collective bargaining that is nationally coordinated by centralized unions and employer associations and that establishes guidelines for pay levels and groupings as well as working hours and conditions, setting the framework within which managers and works councillors operate and negotiate for the contractual period; and
4. A cohesive labor movement, organized into one principal labor federation, the DGB, composed of sixteen industrial unions. Although the DGB is formally decentralized (Wilensky, 1976, p. 51), the federation and labor movement as a whole are given relative cohesiveness by the small number of unions, the industrial (and often multi-industry) and centralized nature of these unions, and perhaps most importantly, the centralizing role of one dominant union: the Metalworkers' Union (IG Metall)^{xii}.

How does this industrial relations system work in practice? From a management point of view, there are simply many things, especially in areas of personnel policy, training, and work organization, that management cannot do without first consulting the works council. In areas such as the introduction of new technology and job design, management is required to give information to the works council and listen to comments and suggestions prior to implementation (Works Constitution Act, Article 90). Once the consultation obligation is fulfilled, however, management often does what it wants in these areas, regardless of the wishes of the works council. But in other areas, such as staffing, pay levels, and training for the new jobs (Articles 87,95,98,99), management must either get agreement from the works

council or, in the event of stalemate, face the prospect of labor board proceedings. In spite of West German industry's often-cited shop-floor flexibility, there are myriad personnel issues involved and management is not free to reorganize work without extensive discussion and negotiation with the works council. While management decision-making along with the implementation of new work organization may be slowed down in this consensus-building process (and the actual content of decisions may be changed), once agreement is reached, management has an important ally in the works council for winning workforce acceptance of the changes and smoothing implementation.

From the point of view of worker representation, there are two institutional vehicles for the expression of interests in this dual system: the union and the works council. For the works council, consultation and codetermination rights guaranteed in the Works Constitution Act (first established in 1952 and subsequently amended and strengthened in 1972) ensure an integration of sorts into the processes of managerial decision-making. This integration can range from marginal to a rather deep penetration, depending on the particular industry, firm, and/or plant. Works councilors are elected by the entire workforce, serving part-time in smaller plants, with a mix of both part-time and full-time councillors in larger plants. They work under a "peace obligation" (Article 74) and a "trustful cooperation" clause (Article 2), which together require that they work with management in the interest of a smoothly running production of goods or services. The integration into managerial decision-making processes and the fact that they are elected by a plant workforce combine to mean that works councilors generally consider closely the interests of the firm and/or plant.

On the other hand, as the most strongly organized presence among the workforce, the dominant union in a given industry is usually in a position to select candidates and win most of the positions on the works council^{xiii}. Works council majorities are thus typically made up of active unionists with histories of participation in the internal politics and education of rather centralized national unions. Thus, active unionists operating from bases in national industrial unions in the dual system find themselves in a position to directly influence firm decision-making—to promote workforce interests as well as national union and broader working-class interests as well as to facilitate the smooth operation of the firm by supporting negotiated conditions of work and terms of change. In practice, works councils are often in a position to force managers to consider the interests of the workforce and occasionally broader social interests. Managers, on the other hand, are in a position to force works councilors to consider the interests of the firm and/or plant. The result is negotiated solutions to plant- and firm-level problems^{xiv}.

The union, for its part, must consider the interests and point of view of its most influential members at the local and often regional and national levels: the works councilors. This is another way of saying that unions must closely consider firm interests. On the other hand, the union has two important avenues for interest articulation within the industrial relations arena: regional (nationally coordinated) collective bargaining at an industry-wide or even multi-industry level; and the works councils at the plant and firm levels. Unions thus have effective instruments for the expression of interests both at a centralized level (in negotiations and sometimes open conflict with the highly centralized employer associations of West German industry) and at a decentralized level (through union influence at the plant and firm levels embodied in the dominant corps of union-oriented works councilors. In an era of shop-floor

work reorganization, the role of the works councils has expanded along with the efforts of the unions to disseminate information and exert influence at this level. One can identify a decentralizing trend within West German industrial relations and the building of plant- and firm-level "productivity coalitions" (Streeck, 1987). But as Thelen (1987) has persuasively argued, centralization and decentralization, at least in the case of IG Metall, are no zero-sum game. Far from undermining central union strength, the expansion of the use of works councils as arenas for the expression of union positions has arguably contributed to the flexibility and continued strength of West German unions in a period of worldwide union weakness.

Auto workers make up 40 percent of the membership of IG Metall and play a leading role in policymaking and pattern setting within the union. Among the auto workers, negotiations at Volkswagen have often produced break-throughs and set patterns for negotiations at other firms. In the postwar period, a distinctive "social partnership" model of industrial relations has evolved at VW, based on and rooted in the West German system of industrial relations.

Social Partnership at Wolfsburg: The VW Model^{xv}

Like all German auto firms, Volkswagen is a product of special historical and market circumstances^{xvi}. Created by the Nazis in 1938, the Volkswagen plant at Wolfsburg (then and now the largest auto plant in West Germany) entered the postwar period with no union tradition. It was located in a rural company town (near the northern border of what was previously East Germany), with a workforce demoralized by the war and military defeat, fearful that the plant would be shut by British military occupation authorities^{xvii}. The result was a company-dominated works council at Wolfsburg after the war (analogous to company unionism in the U.S.), with IG Metall membership of around 20 percent in the early 1950s and a cooperative labor-management relationship dominated by common survival fears and company paternalism.

But IG Metall turned things around at Wolfsburg in the 1950s and 1960s. Working within the framework of labor-management cooperation, IG Metall made use of the dual system to run candidates in the works council elections, securing its first works council majority in 1955 (Koch, 1987, pp. 89-91). From that date forward, the union has steadily increased membership levels in the plant and extended its domination of the works council, winning its biggest majority in the 1987 elections^{xviii}. IG Metall has managed to do this without disrupting a labor-management "partnership," one that the workforce has supported since the early postwar period.

The key elements of the VW model are:

- cooperative or "social partnership" relations between labor and management;
- the close association of the union and the works council;
- considerable engagement of the works council in the processes of managerial decision-making;
- unity within the works council and union, so that differences regarding critical issues such as policy and candidate selection are hammered out internally and a united front is presented in negotiations with management;

- a high rate of union membership and a strong union shop-floor presence (over 1,000 shop stewards out of 62,000 employees);
- virtual lifetime pay and employment security for the workforce;
- a management (from top to bottom) that is trained to listen to the concerns of workforce representatives and to seek consensus prior to the implementation of policy;
- and last but not least, a firm that is highly successful in world markets, whose management and labor representatives at least in the past have regarded "cooperative conflict resolution" at VW as a source of competitive advantage in the marketplace^{xix}.

How has the model fared in the past decade and a half of intensified market pressure? On the whole, the answer is "quite well." VW survived the market crises in 1973-75 (the demise of the Beetle; worldwide economic recession) and from 1979 to 1982 (an even deeper recession and a general crisis for automakers in advanced industrial societies) without either major union concessions, layoffs (workforce reductions occurred principally by means of early retirement and voluntary buy-outs), or plant closures. Both the works council and management have come up with new production and/or organizational concepts that have been successfully implemented, as the following two examples show. The works council promoted a new pay grouping agreement (called LODI) that took effect in 1981 and was designed to trade pay protection for the workers against greater flexibility in labor allocation for management^{xx}. For its part, management has rapidly introduced new technology, including the famed Halle 54 (the most automated final automobile assembly line in the world), and has introduced new job design concepts such as the *Anlagenfuhrer* ("systems monitor"), who supervises the technology and intervenes when necessary, in a production job that reintegrates tasks and has proven popular with workers (Kern and Schumann, 1984, pp. 40ff.; 1989; Jurgens, Malsch, and Dohse, 1989, pp. 306-10). All of the above organizational and technological changes were preceded by extensive negotiations between management and works council; implementation was based on prior consensus and was facilitated by both sides^{xxi}.

The model, however, is currently facing new sources of stress. In part the new tension is a result of current and predicted intensified market competition, as Japanese and Korean firms expand market share in the European market and older competitors such as Fiat and Peugeot show new strength, and everyone braces for 1992. The new tension is also a result of past success, both for VW as a firm and for the VW industrial relations model. Along with the firm's market success has gone increased employment levels, so that VW now finds itself in a position of potentially serious cost disadvantage. For example, from 1978 to 1986 in Europe, Ford increased production volume by 17 percent while reducing employment by 20 percent; Fiat increased production by 15 percent and reduced employment by 40 percent; but VW increased production by 5 percent while *increasing* employment by 22 percent (*Der Spiegel*, March 1989, p. 130).

In spite of record sales in 1988, therefore, management is determined to cut costs and employment levels in the coming years. Currently under discussion and negotiation between management and the works council is management's 21-point cost-cutting program, first submitted to the works council in October 1987. In addition to anticipated steady workforce reductions through attrition, management proposes significant workforce concessions in such areas as break time. The responses of worker representatives vary. On the one hand, they

recognize the competitive needs of the firm (as they always have; this is a hallmark of the VW model) and will thus go along with what they think necessary for market success, including gradual workforce reductions. On the other hand, they see these proposals as part of a new managerial aggressiveness, the product of a new breed of younger VW managers (many brought in from outside the VW "family") more attentive to market pressures than to VW traditions and the cooperative industrial relations model. Works councillors and shop stewards worry about the increased possibility of future conflict if the "new managers" push too hard.

For their part, worker representatives have also displayed a new willingness to take initiative and mobilize the work-force when it is considered necessary. The VW model, as we have seen, has been based on cooperative relations and engagement between management and the works council; for the most part this has not included the workforce directly. But since the extensive shop-floor discussions and mobilization around the shorter workweek demands in 1984 (although the national IG Metall strike did not include VW), the works council at Wolfsburg has shown an increased propensity to involve the workforce^{xxii}.

The increased willingness of both sides to push in the present period raised talk of a possible strike over contract negotiations in 1990. Both of the groups were clearly testing each other in the new climate and jockeying for position as market developments made clear the need for major adjustment and ongoing work reorganization. In the meantime, both sides have moved forward with new teamwork-oriented organization initiatives. Management has initiated quality circles, which the works council accepted in 1986 after a two-year debate and after the inclusion of strong provisions to include union and works council in the implementation. They have begun to set up production teams in the stamping plant and teams of systems monitors—always after extensive discussion with works councillors. From the union/works council side, the major organizational initiative of the past two years is the campaign for group work.

As is true for all U.S. and West German auto firms, VW management is pressing toward team forms of organization in the search for lower costs, higher productivity, production flexibility, and better product quality (inspired by Japanese success). As management enters a period of what it perceives to be trial-and-error adjustment in which new forms of work organization are tried out in various parts of the plant, company concepts regarding the specific shape of teamwork remain rather vague. The works council, on the other hand, has adopted a set of well-developed, IG Metall—promoted group work concepts and is bargaining with management for implementation.

The union framework proposal for group work, developed at national union headquarters for the entire auto industry, includes twelve main principles^{xxiii}:

1. a broad assignment of varying tasks for the group (with long cycle times);
2. group competence in decision-making in such areas as job rotation, division of work, quality control, and training needs;
3. decentralization of the plant decision-making structure;
4. selection of production organization and technology suitable for group work (based on decentralized technology and production concepts);
5. equal pay for group members;

6. equal opportunity for all to participate in group work, including special training where necessary for the disabled and the socially disadvantaged ("group work as solidaristic work organization");
7. support for the personal and occupational development of individuals and the group;
8. regular group meetings, at least one hour per week;
9. representation of group interests within the established plant system of interest representation;
10. voluntary participation in the groups;
11. pilot projects to test the functioning of group work before broader implementation;
12. a joint steering committee at the firm level, with equal labor and management representation, to oversee and coordinate the implementation of group work and the activities of the groups.

The general works council (for all the VW plants) adopted the IG Metall group work concept in 1988. In a remarkable forward to the twelve principles (Riffel and Muster, 1989), the general works council makes the following argument for its promotion of union-developed work reorganization^{xxiv}:

We need to move toward group forms of organization both because Japanese and American auto firms are doing this and to get rid of Taylorism. We are conscious of the particular role of VW (as a model), and of the general position of West Germany as an export nation now facing serious competitive challenges from countries with much weaker social rights (including weaker unions). We need to develop a democratic work culture to show the way for modern democracies; our task is to meet world market risks with our own strengths, those that emerge from a democratic firm culture (as at VW) based on social progress. Good performance and top quality do not come in the long run from pressure or incentives but from interesting work, good teamwork, and appropriate opportunities for input.

As of 1990, the council at Wolfsburg was engaged in active negotiations with management toward both the adoption of a plant-level agreement on group work and the establishment of pilot projects in the plant^{xxv}. At the same time, the Wolfsburg works council was beginning to spread group work discussions down through the ranks of the shop stewards and the workforce, to include the workers in the campaign and in the formulation of the precise shape of group work proposals for particular areas of the plant^{xxvi}. The works council strategy is to engage shop stewards and workers in the design and implementation of new group organization. There appears to be an active process now in motion that management will curtail only with great difficulty. In any case, it dovetails in important ways with managerial goals for improving productivity, product quality, and worker responsibility.

Both sides at Wolfsburg recognize that new forms of teamwork are coming in one form or another^{xxvii}. Both sides appear to agree that the works council has taken the primary initiative in this regard (so that management is negotiating changes in the union/works council plan, as opposed to vice versa), and both sides claim to be optimistic that a settlement will be found, based on overlapping interests and a joint learning process as pilot projects are examined. This is a period of uncertainty for both the VW industrial relations model and the future of work organization. Given the past track record and current cooperative negotiating processes, it is also a period when the prospects for work "humanization" at Wolfsburg and

other VW plants look better than ever and when the odds for successful adjustment and work reorganization at VW are good (especially in comparative perspective).

One cannot claim, of course, that the industrial relations model at Volkswagen is primarily responsible for firm success in the past decade. In fact, Fiat—another very successful European auto firm of the 1980s—went on the attack against its unions, and successfully marginalized much of the previous influence of worker representation. At VW, the move upmarket toward "high quality, diversified production" (Sorge and Streeck, 1988), the development of appropriate designs, good marketing, and investment decisions (including the purchase of SEAT in Spain for low-end market production) were all probably necessary for continuing firm success. In addition, VW has benefitted from access to the protected markets of some of its trade partners. France and Italy, for example, have largely excluded Japanese auto imports while leaving their markets open for other Common Market members such as West Germany. In Germany itself, an informal "understanding" has slowed down the rate of Japanese automobile import penetration. On the other hand, Japanese market share for autos has risen steadily in West Germany to 15 percent and in Western Europe as a whole to 11 percent; and the rate is much higher in traditional German markets such as Belgium, the Netherlands, and Denmark.

But the industrial relations model at VW arguably made all of these possible, as works councillors and managers engaged in ongoing consensus-building negotiations that resulted in smooth implementation of production decisions, including model changes, new technology, and work reorganization. VW and Fiat together—the two current sales leaders in the European market—perhaps show that in a period of intense work reorganization, worker interest representation must either be integrated into managerial decision-making or it must be marginalized. In this regard, the U.S. auto industry is a middle case. Interest representation in some cases is being integrated in core plants but in other cases is being marginalized, as in many parts supplier plants and some of the Japanese transplants.

How characteristic is VW-Wolfsburg of industrial relations and work reorganization at West German auto plants? There are clearly differences from firm to firm and plant to plant. At Opel-Bochum, for example, management has a more hard-line (GM-style) tradition and the works council is deeply divided into two contending factions. Thus, management takes a freer hand in work organization decisions. What is remarkable in the West German auto industry, however, is the narrow range of plant-level outcomes^{xxviii}. Everywhere, IG Metall and works councils are bargaining for the union-developed group work concepts, union-dominated works councils are gaining greater voice in managerial decision-making, and work reorganization proceeds apace based on negotiated plans. The narrow range of outcomes and the stability of worker representation are particularly noteworthy in comparison to the wide range of outcomes in the U.S. auto industry

Work Reorganization in the U.S. Auto Industry: A Great Diversity of Outcomes

U.S. auto firms—General Motors in particular—have a head start of several years over West German firms in the radical shift toward shop-floor teamwork. Nonetheless, none of the American Big Three have achieved a smooth companywide transition. Managerial initiatives and union/ workforce responses have resulted in a wide range of outcomes throughout the

auto industry, from new nonunion plants (Japanese transplants), to plants with traditional, conflictual industrial relations, to plants with traditional but more cooperative industrial relations, and finally to plants in which team organization is accompanied by an integration of the union into new levels of managerial decision-making. The latter cases offer variants on a new model for the U.S. auto industry. The problem is in attempting to spread the model to established plants and greenfield sites alike. We will look first at the widely heralded new "best practice" model at NUMMI, then briefly review representative efforts at innovation at other facilities.

The old GM plant in Fremont opened in 1962 and closed in 1982. During its twenty years of operation, the plant typified work organization and industrial relations in the U.S. auto industry. Standardized goods (with many options) were produced for usually dependable mass markets in a production system notable for the many job classifications (well over 100), a seniority-based system of "job control," high absenteeism, very high grievance rates, and an adversarial industrial relations system that could be termed an "armed truce" (from Harbison and Coleman, 1951). The workforce at Fremont earned a reputation as one of GM's most militant, but this militance was not at all unusual for the U.S. auto industry.

In 1982, with three weeks' notice for the workforce, the plant shut down and stayed closed for two and a half years. When it reopened, it did so as a joint venture of GM and Toyota, called New United Motor Manufacturing, Inc. (NUMMI)^{xxix}. GM provided the plant and dealer networks, while Toyota provided the management system. The UAW (United Auto Workers) bargained hard to secure union recognition prior to the plant opening and insisted that former workers be rehired. Although the workforce size was scaled down considerably (because the new plant had only one production line instead of two in the old plant, was run more efficiently, and because of greater outsourcing, such as seat production), and some screening took place, in the end most workers from the old plant who wanted jobs at NUMMI were hired, including former union activists^{xxx}.

The workforce had been traumatized by its long period of dislocation and returned to work with a willingness to try new ways of doing things. What they found was a completely new system of work organization and industrial relations, one that so far has retained the loyalty of the majority, as indicated in subsequent union election outcomes. Within one production and two skilled-trades classifications at NUMMI, workers are divided into teams, usually of four members and one leader. The production team leader—a union member—is carefully selected using a detailed set of criteria decided by the local union and management, and is trained to play a genuine leadership role—coordinating work, checking parts and equipment, problem solving, doing some repair work, filling in for absent members, keeping records, leading team meetings, looking for ways to encourage quality and productivity, and encouraging members to provide input. Each team member usually rotates through at least two jobs and is expected to maintain high work standards and provide input into ways to do a better, safer, and more productive job. Management has considerable flexibility in job assignment; jobs are given to the most qualified (although these judgments can be rather arbitrary), with seniority used only to break a tie. At least in theory, group leaders (first-line management) oversee several teams as facilitators and problem solvers rather than drill sergeants. Union coordinators (who are also full-time workers) are elected to solve labor-management problems on the shop-floor. With a just-in-time parts delivery system and cooperative labor-management relations (including

union leaders who sit in regularly at management meetings and participate at various levels of firm decision-making), the system runs smoothly and efficiently with high productivity and high-quality output^{xxxii}. Contracts provide the workers with pay comparable to other UAW-organized assembly plants, as well as employment security except in the most adverse market circumstances. The firm has made good on this promise, even when sales have slumped badly (for reasons unrelated to the quality or cost of the product).

What should we make of this system, so different from the traditional U.S. auto assembly plant? My own impression is generally favorable. There is no disputing the outcome in quality and productivity, and in the interviews I have done with NUMMI workers (including several with supporters of the more critical People's Caucus), I have yet to hear anyone say they liked the old GM system better. People like the fact that they are treated with respect, can take pride in a high-quality product, work in a clean, efficient environment, and often find their input and concerns actively solicited. Team leaders in particular are grateful for the opportunity to have more than just a job.

On the other hand, this is clearly no Utopia for the workforce. The People's Caucus has built itself into a strong opposition within the union and a visible force in the plant around four issues: the pace of work and the constant pressure to work harder; the very close collaboration between union and management (the critique is that they are indistinguishable and the union no longer provides strong representation for its members); favoritism in the assignment of training, off-line jobs, and special projects; and a union that is not run democratically by its elected leaders (with too many closed-door meetings and deals made between union and management). Since 1986, the opposition has consistently gained around 40 percent of the workforce vote in union elections (about once a year, either for convention delegates or for union offices).

The extent to which these charges are true is a subject of lively debate within the union and workforce, and the way in which these issues will influence the future shape of work organization and industrial relations at NUMMI remains to be seen. What is remarkable, I think, is that many supporters of the People's Caucus are also supporters of NUMMI and see their role as striving to improve the system (by making it more humane and democratic), and that NUMMI is blessed by a lively union/workforce debate at this Toyota-run plant, whose management clearly aimed for and would be more comfortable with a tamer enterprise union.

What is the basis for NUMMI's success in reorganizing work? GM managers like to point to the "significant emotional event" as workers faced two years of plant closure and then returned humbled and grateful to their new jobs. But while this may or may not have been a necessary condition, it clearly was not a sufficient one. Other plants have been closed and then reopened without nearly the same kind of organizational success. What is critical is what the workers faced when they returned to work, and at NUMMI they found jobs and conditions that in many ways exceeded their expectations of life in an auto plant. The key to NUMMI's success lies in the structure and policies of management, and especially the approach to the workers taken by management from top to bottom: the emphasis on garnering input, treating people with respect, gaining consensus within the organization, offering tangible and unusual benefits such as employment security in return for worker and union cooperation, and successfully winning over key union leaders and incorporating them into the process.

But the system in practice at NUMMI is not exactly the one envisioned by Toyota management. Lively local union politics demonstrate one deviation, with the clear potential to push organizational developments down a new path. Another example is NUMMI management's position in early contract bargaining that no full-time union representatives would be necessary in a consensual labor-management system. The UAW bargained hard on this subject and earned the right to have fifteen full-time representatives, in addition to the many shop-floor union coordinators. Although the Administration Caucus union leadership has not projected an independent vision of where work organization should be heading at NUMMI, this is not by any means a docile enterprise union. NUMMI's success so far has rested very much on the ability of management to provide a system of work and rewards that has held the loyalty of the majority of the workforce and union leadership.

Since 1984, GM has flown large numbers of managers from all over the country to view the Toyota-led organizational success at NUMMI. But the problem has been successfully adapting the lessons. A primary cause of failure has been the inability of plant-level management to change its traditional ways. At GM-Van Nuys, for example, GM made perhaps its most extensive effort to transfer the NUMMI model (Mann, 1987; Turner, 1988b; Brown and Reich, 1989). But it did so by intervening in union politics in a divisive way: threatening the workforce with plant closure if it did not vote for the new contract; forcing the workforce, under even greater pressure, to vote a second time when the first effort failed; and raising worker expectations through limited "human relations" training (for the team concept) but then dashing these expectations when workers returned to the shop-floor to find many of the same old-school managers and management practices in place. The outcome was predictable: continuing intra-workforce and intra-union conflict over the new system; continuing labor-management conflict; an absence of the high-trust relations necessary for a successful team system with cooperative industrial relations (although all of this exists on paper); no great upsurge in productivity and product quality; and continuing uncertainty over the plant's future.

At its Hamtramck assembly operation in Detroit, GM made an earlier attempt, beginning in 1984, to introduce team organization along with advanced technology at this new showplace plant. But what happened here was typical of developments at several other GM plants. Workers received new training for team organization and were taught that the old ways were wrong: they would now be respected and their input in questions of production, quality, and working conditions would be actively sought on the shop-floor and in team meetings. But as soon as production problems developed, and managers felt the pressure from above to keep up steady production, they reverted to their old ways. Teams were ignored, job rotation dropped by the wayside, and management went back to ordering people around. When I visited the plant in 1988, management and the union were still trying to work out a consistent relationship, redefine the teams, and put a working team system back into place. In the meantime, Hamtramck had become a symbol for the failure of GM's expensive advanced automation solution.

Across the range of GM plants, there are positive outcomes besides NUMMI. At the Lansing plant where the Pontiac Grand Am is made, a successful team system has evolved in a process of give and take between workforce, union, and management (Turner, 1988b). Rather than attempting a wholesale "revolution," as at NUMMI, Van Nuys, and Hamtramck, labor and management have gradually developed a cooperative relationship and brought in new forms of

work organization on the basis of existing practices and respect for workforce rights. Participation in the teams, for example, is voluntary, and seniority remains the central criterion for job assignment (including the selection of "team coordinators"). This sort of "homegrown" solution may offer the most realistic prospect for work reorganization and new industrial relations in the U.S.^{xxxii}.

At many of its other plants, GM has made less ambitious attempts at organizational innovation, often to lay the groundwork for more extensive change. But so far for GM, still the dominant U.S. auto firm, the pattern of outcomes is noteworthy for its great variation: from dramatic reorganizational success to dramatic failure; from new industrial relations to old; from innovative union roles to traditional.

Although Ford and Chrysler have shown greater organizational stability than GM (since 1979-1981, when both almost failed), these firms too are heading toward the uncertainty of team organization. Chrysler has a "Modern: Operating Agreement" (for a team system) that it has negotiated for gradual implementation at some of its plants. But at other plants the agreement has been rejected by the union or workforce, causing Chrysler to put in place a "modified" MOA. Ford has been the most successful of U.S. auto firms in recent years, blessed by earlier streamlining and fortunate product decisions. But Ford, too, has seen teams as the future, and has begun to negotiate with the union for the introduction of innovative work organization in sections of its plants, without yet articulating a clear strategy.

Traditions of top-down management persist in the auto and other industries in the U.S., even where a veneer of participation and cooperation has been added on. But for organizational innovations to work, management must not merely pretend to change. Especially in heavily unionized industries such as autos, work reorganization will more likely succeed if management abandons old authoritarian traditions and works with the union to build a genuine and mutually beneficial relationship of trust. The evidence from NUMMI, Lansing, and West Germany makes it clear that independent unionism, when accepted by management, is compatible with contemporary organizational success.

In the U.S., we are still very much in an experimental stage, as demonstrated by the wide range of plant-level variation. Combining what we learn from both NUMMI and Lansing, we see that homegrown solutions including a substantial role for independent unions in managerial decision-making processes are needed. Firms appear to stand now at a critical historical juncture where the possibility exists to build new relationships and institutions of partnership with labor; but the possibility will be lost if initiatives are insincere and indirectly aimed at undermining union influence.

Lessons From Abroad?

This analysis should not be interpreted either as belittling the very real accomplishments of the UAW in the 1980s or as overlooking the intractable and growing problems faced by IG Metall. The UAW remains a pattern-setter and innovator for the U.S. labor movement, and if a new U.S. model of industrial relations emerges that promotes both market success and new union vitality it may well come out of the sea of labor-management experiments currently underway in the auto industry. At the same time, IG Metall faces high and enduring unemployment in West Germany

as well as new managerial aggressiveness on issues such as flexibility of working hours and work reorganization. A shift in the locus of influence to the works councils has arguably contributed to a new "plant syndicalism" (Hohn, 1988), which has made it possible for West German managers to begin to learn the art (well-developed at U.S. auto firms) of playing one plant's workforce off against another. Moreover, the dramatic unification of Germany raises a host of new problems and uncertainties as well as opportunities for West German unions.

But the cross-national outcomes do contrast rather sharply, and these differences make clear the very real constraints faced by the UAW, regardless of leadership decisions or strategy. In fact, the UAW efforts may be a "best-case" scenario in the U.S. industrial relations climate of the 1980s. This is clear from a brief look at the telephone services and apparel industries, which together exemplify the broad (as opposed to industry- or firm-specific) nature of the U.S.-West German contrast.

In telephone services (part of a larger "information industry" that now includes telecommunications and computers), union influence in the U.S. has been challenged and undermined in the competitive turmoil subsequent to the 1984 divestiture of AT&T. National bargaining has broken down, and the unionized AT&T must now compete with nonunion MCI and US Sprint. The seven regional "Baby Bells" pursue a range of industrial relations approaches, from adversarial to "social partnership." In this uncertain and high-pressure environment, union membership density has declined as the CWA (Communications Workers of America) fights to retain influence. In West Germany, by contrast, because the union (DPG) is integrated into management decision-making processes (through the personnel councils) and at the same time belongs to a more cohesive labor movement, it has been able to lead a successful coalition to prevent U.S.-style deregulation. As a result, union membership density remains high and stable while union influence in matters such as work organization grows. While new technologies and services are not introduced as rapidly in West Germany as in the U.S., the Bundespost continues to provide stable national and local telephone services and to accelerate the pace of technological and organizational change.

In the apparel industry, unions in both the U.S. and West Germany have been battered over the past two decades in the face of the massive market penetration of low-cost imports. In both countries, total employment has declined precipitously as some firms have failed and others have rationalized production. In the U.S., firms have moved to Sunbelt states, in part to get away from unions in the North. Thus, union membership density has dropped seriously, as has union influence. In West Germany, by contrast, where the law obliges firms and (union-dominated) works councils to negotiate substantial compensation for laid-off workers, the union used the crisis to build up membership density^{xxxiii}. Compared to the plant location and union-avoidance strategies in the U.S., firm rationalization strategies in West Germany have contributed to a substantially greater rise in productivity in the West German apparel industry.

Parallel contrasts between the U.S. and West Germany can be seen across a range of industries, regardless of market circumstances and firm or union structure. It appears we could profitably learn from West Germany as well as Japan. These European lessons may be ones that are at once easier for us to assimilate and more appropriate for our political economy.

The lessons can be summarized as follows. Most importantly, entrenched and independent unionism is not incompatible with good production outcomes; a stable industrial relations settlement that allows for ongoing innovation is the important thing. Managers should

be encouraged to pursue genuine strategies of workforce and union incorporation (as in West Germany, and as at NUMMI and Lansing)— they will likely be pleasantly surprised at the results, including genuine cooperation and participation.

Unions also can learn from the West German experience. It would appear that current world markets and imperatives to reorganize work require that unions, in the interest of their own survival, become integrated into processes of managerial decision-making. For local unions there may be a danger of loss of independence akin to enterprise unionism; but there is no viable alternative to entering into ongoing discussions and negotiations regarding critical issues such as technological change and work reorganization. The more cohesive the national labor movement as a whole, the less promising will be managerial strategies to avoid or weaken unions, and the better the chances for specific union influence (the West German experiences, in contrast to the U.S., make this apparent).

We can only use lessons from abroad if we adapt them for use on the basis of our own institutions. But in response to the imperatives of world market change, our institutions and practices are changing, and different futures appear to stand before us. For industrial relations in the U.S., there are at least three distinct possibilities consistent with successful work reorganization:

1. the exclusion of unions, as in the UAW's recent organizing loss at the Smyrna, Tennessee, Nissan plant, although the historical ups and downs of the labor movement in the U.S. make one wonder if such union-free environments really can continue into the indefinite future;
2. the integration of subordinate local unions into managerial processes. The Japanese model, which poses current dangers for unions in the U.S., is probably the model that NUMMI management had in mind until union politics intervened; and
3. a model that incorporates strong, independent unions that bring along their own vision of work reorganization and function as partners, albeit adversarial at times, as opposed to subordinates.

It is possible, of course, for all three models to exist alongside one another in different parts of the economy, and to some extent this is what is happening in the U.S. But it is likely that over time a dominant model will emerge, and we should not be indifferent to the outcome. Because it is closest to our own industrial relations traditions, the third scenario arguably offers the best prospects for a stable labor-management settlement in the U.S. If this is true, then we can probably learn more from the West Germans than from the Japanese as we attempt to incorporate lessons from abroad into our own domestic solutions. What the West German case demonstrates, above all, is that labor-management cooperation, shop-floor teamwork, and union integration into managerial decision-making processes are not incompatible with assertive, independent unionism. The argument here is that both of these are necessary for a future that combines economic success with lively industrial and political democracy.

ⁱ Quite often in Japan, in the auto industry for example, lower-level managers are the union leaders.

ⁱⁱ It goes without saying that industrial relations is not the only factor contributing to competitive success; public policy and other aspects of firm strategy, which are not the topics of this essay, are also critically important. But

the past decade has witnessed a growing awareness of the pivotal role of industrial relations for firm success in contemporary world markets (Altshuler et al., 1984; Dohse et al., 1985; Dyer et al., 1987; Marshall, 1987).

ⁱⁱⁱ For a useful survey of managerial programs, implemented in both union and nonunion environments, see Eaton and Voos, this volume.

^{iv} This is certainly the Japanese view. Japanese firms that open plants in the U.S. typically adopt plant location strategies that allow them to avoid unionization. In California, for example, of seventy-five Japanese-run plants, only three include union representation.

^v Unions, for their part, have grappled with new managerial initiatives, sometimes endorsing, sometimes questioning, often having heated internal debates, as they seek to preserve a position of influence in new working arrangements. From the union viewpoint, in spite of the growth of participatory programs, the past decade has witnessed an upsurge in adversarial management, as firms have either avoided unions, challenged them directly, or sought to undermine their influence in the workplace. Management-led cooperative or participatory programs are themselves often perceived on the workforce/union side as elements of a hidden agenda: to weaken union independence and workforce conflict potential.

^{vi} Katz and Sabel (1985) and Marshall (1987), for example, have done just that. But the problem with both of these perceptive analyses is a tendency to lump together a "German-Japanese model." There is, nonetheless, as these authors recognize, a very substantial difference in the role of unions and the level of industrial democracy in Japan and West Germany.

^{vii} This occurred well before the dramatic events of 1989 and 1990 that have opened up Eastern Europe.

^{viii} For the best available study in English of the contemporary West German political economy, see Katzenstein (1989).

^{ix} Evidence presented on the VW-Wolfsburg plant as well as for several U.S. auto plants (later in the paper) is based on a reading of contracts, agreements, newspaper articles, and other materials supplied by labor and management; a visit to each plant; and most importantly, a series of in-depth interviews with union representatives and managers at each plant.

^x Labor had wanted a structure of works councils that would be run by the unions. Business wanted legally independent works councils, in the hopes that these would be firm-identified and less independent. In the political battle of the early 1950s, business got its way: the strategy backfired, however, as unions came to dominate the works councils in the succeeding years (see below).

^{xi} There are three other labor federations in West Germany: the *Deutscher Beamten Bund* (DBB), for civil servants; the *Deutsche Angestellten Gewerkschaft* (DAG), for white collar workers; and the *Christlicher Gewerkschaftsbund Deutschlands* (CGB), a Catholic workers organization. But these three other federations have had small membership totals and have played only a minor role in West German industrial relations.

^{xii} (a) IG Metall has served as a pattern setter in wage bargaining and in the more recent emphasis on the shorter workweek and on work reorganization; and this union is by far the largest in West Germany and within the DGB. In 1986, IG Metall had 2.6 million members out of 7.8 million total in the DGB (Kittner, 1988, pp. 54, 66, 67).

(b) Not included in this list of the four principal characteristics of postwar industrial relations in West Germany is codetermination at the top level of the firm—the legally mandated inclusion of unionists on company supervisory boards. Whereas the works councils—the other pole of codetermination—engage in daily discussions, negotiations, and representation, the supervisory boards meet only a few times a year. For the worker representatives on these boards, this is an occasion to hear of company financial and strategic planning. Boards are not an insignificant forum, and the access to information and the ability to speak out directly at the top levels has sometimes served union and works council interests, as well as smooth labor-management negotiations. But except in the iron, steel, and coal mining industries, which have parity representation on the supervisory boards, the minority position of labor on the boards has meant that codetermination at this level plays a minor role compared to the daily activities through the works councils. As Markovits (1986, pp. 59-60) puts it: "If real codetermination exists anywhere in West Germany, it does so at the plant level."

^{xiii} According to union sources, over 80 percent of all works councillors are union members, and the overwhelming majority of these are members of one of the sixteen industrial unions of the DGB.

^{xiv} Even when well integrated into a national union structure, local unions in the U.S. and elsewhere have always had to consider the interests of the plant and/or firm; if the plant closes or the firm goes under, the workforce also

goes under. This was recognized long ago in the U.S. industrial relations literature (Barnett, 1926). But because they have been excluded from full information sharing, consultation, and firm decision-making processes, local unions have rarely had to consider firm interests as closely as do works councils in West Germany.

^{xv} There are six large VW auto plants in West Germany, and two of these assemble cars: Wolfsburg and Emden. Wolfsburg is the original and by far the largest plant. Volkswagen has its headquarters here as does the general works council (an increasingly important body made up of representatives from each of the six individual plant works councils). As of March 1989, the Wolfsburg plant had 62,200 employees and produced about 4,000 cars per day: 2,600-2,700 Golfs, 700-800 Jettas, and 500-700 Polos (data provided by Volkswagen AG in Wolfsburg).

^{xvi} One continuing difference is that, unlike other West German auto firms that bargain collectively with the IG Metall at the regional level as members of an employer association, VW bargains separately with the regional-level union. This difference is rooted in a tradition of public ownership at VW; the firm was handed over to the federal government by the British military authorities in 1949 (Streeck, 1984, p. 40). In 1960, against the opposition of the union, the government moved to "privatize" (Koch, 1987, pp. 92ff), selling 60 percent of the shares to small owners. But even in a minority ownership position, government influence has been important, if only because the government has had a vested interest in industrial peace at this "flagship" West German auto firm. In the 1980s, the conservative CDU/CSU-FDP government under Kohl moved to sell off its remaining shares. Although the state of Lower Saxony retains control of 20 percent of the shares, the sale of the shares of the federal government as a form of privatization has contributed to new managerial pressure on the workforce and works council (see below). For Ford and Opel, the special circumstances are their respective positions as German subsidiaries of U.S. firms (Ford and GM, respectively); for Daimler-Benz, BMW, and Porsche, the special circumstances are the upmarket, high cost, and quality market niches they occupy as specialty producers.

^{xvii} For a useful history of industrial relations at Volkswagen, see Koch (1987). For much more condensed versions in English see Brumlop and Jurgens (1986); and Streeck (1984, pp. 40ff).

^{xviii} As of 1988, IG Metall membership at Wolfsburg was 95 percent (98 percent hourly; 85 percent white collar). In the 1987 works council elections, 87 percent of blue collar workers voted and 90 percent of these chose the IG Metall list; 81 percent of white collar workers voted and 75 percent chose IG Metall. IG Metall members won sixty-two of sixty-nine seats. (Data supplied by the IG Metall in Wolfsburg and the VW-Wolfsburg works council.)

^{xix} Volkswagen's market success is well known in Europe, but this point is worth stressing for readers in the U.S., where declining sales make VW look like a market loser. Although VW has largely abandoned the small car market in the U.S. to the Japanese and others, the company has more than made up for this loss by success in other markets, particularly in Europe, where VW has led the field in sales volume in recent years. (VW was number one in sales in Europe for the combined years 1985-1990.)

^{xx} As shop-floor resistance to reassignment has undermined managerial flexibility, managers today complain that LODI has benefitted the workers more than management. But there are no plans to roll back LODI, and works councillors claim that management has failed to develop a unified concept and to organize itself adequately for the proper use of LODI flexibility.

^{xxi} The works council, however, had little advance input into managerial decision-making regarding new technology and production concepts (Article 90 of the Works Constitution Act requires only that they be informed and consulted). But the works council did agree to the changes and actively negotiated the terms of change regarding effects on the workforce prior to implementation. The current trend is toward increased advance input on the part of the works council, as we will see below in the discussion on group work.

^{xxii} This is demonstrated in: (1) the community and shop-floor campaign (which included work stoppages) in 1985-86 against the Kohl government's amendments to the Works Promotion Act (AFG article 116—the changes weaken regional/national strike potential); and (2) the spread of works council—promoted discussions among the workforce concerning proposed new work organization, in particular group work, beginning in 1989. In part, these changes result from a new generation of works council leadership; both the Wolfsburg and general works councils were led from 1984 to 1990 by Walter Hiller (who officially took office in 1986), a "new breed" counterpart to the younger, tougher managers, apparently more willing than his predecessors to engage in internal union and workforce debate and to take a strong stance toward management if necessary.

^{xxiii} These *Eckpunkte zur Gruppenarbeit* have been widely circulated to the works councils in the form of (unpublished) educational material. The presentation here is a summary translation based on Muster and Wannoffel (1989, pp. 39-54).

^{xxiv} This is a summary translation of the content.

^{xxv} In negotiations for the first Wolfsburg pilot project in 1989, the works council and management could draw on the experience of several ongoing group work pilot projects at three other VW auto plants in Northern Germany (Muster, 1988).

^{xxvi} As one example, the works council held an intensive week-long seminar in January 1989—for shop stewards and works councillors from the Wolfsburg paint shop—to discuss management's plans for new technology (essentially, the building of a new paint shop) and works council plans for group work organization. On the first day, key planning managers attended and presented detailed plans for technology and organization in the new paint shop. The rest of the week was devoted to a discussion of IG Metall group work concepts, organizational and health and safety problems in the paint shop, and detailed proposals by the shop stewards (working in small groups) for the implementation of group work in their particular work areas.

For a lengthy report on this seminar, see Riffel and Muster (1989). The conference took place at the Hustedt conference grounds near Celle in Lower Saxony; I attended for three days as a participant/observer.

^{xxvii} For the works council, group work appears to be an issue whose time has come. In view of the current competitive, cost-cutting needs of the firm, the works councillors cannot reasonably expect to provide the workforce with steadily increasing pay and employment levels as they have done in the past. Rather, incumbent works councillors hope to be able to advertise major gains in working conditions, in part through the coming of group work. The fact that group work proposals also include labor savings (thereby cutting costs and possibly also employment levels for the firm) gives the works council a strong negotiating position toward a management whose own teamwork concepts are not yet so well-defined.

^{xxviii} During my year in West Germany, 1988-89, I studied the politics of work reorganization at five auto assembly plants, and took a background look at several others. The narrow range of work organization and industrial relations outcomes in comparison to the U.S. is quite apparent.

^{xxix} Information presented here is based mainly on in-depth interviews and discussions with workers, union representatives, and managers at NUMMI between 1987 and 1989. The following sources are also useful: for a favorable account, Krafcik (1987); for a critical interpretation, Parker and Slaughter (1988, pp. 100-22); for comparisons of NUMMI with other GM plants, Turner (1988b) and Brown and Reich (1989).

^{xxx} 3,300 former GM-Fremont workers applied for the new jobs; 2,500 total were hired, about 80 percent of these from the former workforce. Compare this to the screening at other Japanese auto assembly transplants, where typically 100,000 to 200,000 applicants compete for 2,000 to 3,000 jobs.

^{xxxi} NUMMI's productivity has been estimated at 40 to 50 percent higher than that of the GM-Fremont plant (cf. Krafcik, 1987) and is higher than that of any other GM plant. In quality rating studies, such as those done by *Consumer Reports* and J.D. Power, NUMMI products (first the Chevy Nova, then the Nova and Toyota Corolla, now the Geo Prizm and Corolla) are consistently rated at or near the top.

^{xxxii} I have made this argument earlier, in Turner (1988; 1989).

^{xxxiii} This paragraph is based on data from Silvia (1987). In the women's and children's apparel segment in the U.S., for example, unionization dropped from 53 percent in 1975 to 34 percent in 1985; in West Germany, total union density in apparel grew from 22 percent in 1971 to 40 percent in 1983.