Chapter 9

LESSONS AND PROSPECTS

For over four decades, workers in Chinese factories enjoyed industrial citizenship. This status not only entitled them to lifetime employment and an array of economic benefits, but also meant that they were considered legitimate stakeholders in the factory, with a right to participate in decision making. Although in practice they never had the powers suggested by China's slogans, laws, and regulations about Democratic Management, citizenship was not inconsequential. Its significance has been displayed in striking fashion over the past two decades as industrial restructuring has stripped workers of their citizenship rights within the workplace.

The rise and fall of industrial citizenship in China

Workers' status as industrial citizens was established during the early years of the PRC, as the Communist Party wrested control of China's factories from capitalists and old regime managers. This was a protracted process, in which small contingents of party cadres mobilized workers to attack incumbent factory leaders. In the course of a series of aggressive campaigns, party leaders not only recruited workers to replace the old managers, but they also established an array of participatory institutions. Over the years, these were extended to include shop floor self-management teams, technical innovation groups, factory elections, representative congresses, and other mechanisms designed to mobilize workers to monitor and criticize factory leaders, solicit suggestions from below and learn about and defuse employees' grievances and concerns. The gradual establishment of the work unit system enfranchised workers, converting them from hired hands into work unit members. Because they were lifetime employees and were considered legitimate stakeholders in the enterprise and because distribution was relatively egalitarian, party leaders were able to cultivate a strong collectivist ethic and remarkably high levels of responsibility and participation.

The CCP's brand of Democratic Management, however, was democratic only in a very limited sense. The party insisted on maintaining a political monopoly and it harshly suppressed any hint of independent political activity. Workers were expected to be involved in factory affairs, but only under the leadership of the party and the party-controlled union organization, which set the agenda and orchestrated participation. Workers were consulted, but party leaders reserved final decisions for themselves, and the scope of workers' influence was restricted largely to the shop floor. Although participation was extensive and workers had significant influence, because they had little autonomy the system remained more on the paternalistic rather than the democratic end of the spectrum.

The CCP's inclination to tightly control all aspects of participation, however, hindered the accomplishment of the party's own goals. The problems created by lack of autonomy were

particularly acute with regard to mass supervision, as it was impossible for workers to effectively play their role if they did not have a degree of autonomy from the factory cadres they were expected to supervise. Mao sought to address this problem through a series of experiments.

In the 1957 *daming dafang* campaign, Mao encouraged freewheeling criticism of party officials, unleashing a torrent of criticism by intellectuals as well as strikes and protests by workers, and inspiring union leaders to push for greater independence from the party. In factories, however, the campaign was largely restricted to enterprise offices and schools; moreover, after running into strong opposition from the party organization, the entire effort was abandoned, giving way to an Anti-Rightist campaign that strongly discouraged individuals from further engaging in criticism of party officials.

A few years later, in the Four Cleans campaign, Mao returned to a more conventional method of mitigating the problem of lack of autonomy—sending in work teams of outside party cadres to mobilize workers to criticize factory party leaders. The largest mass supervision campaign to date, the Four Cleans was effective in combatting corruption, but less effective in dealing with Mao's main concern—the transformation of the party officialdom into a privileged "bureaucratic class" unaccountable to their subordinates.

Dissatisfied with the work team method, during the Cultural Revolution Mao fomented a mass movement that was autonomous from the party organization. Responding to his call, workers formed rebel organizations that challenged the authority of the party leadership in their factories. In some ways the movement accomplished Mao's aims; the traumatic experience of being hauled up on stages to be criticized by subordinates impacted cadre behavior for years to come. Mao's experiment with what he called Big Democracy, however, ended in disaster, as factories split into rebel and conservative camps and violent factional contention led the country to the brink of civil war. As in 1957, this experiment ended with the suppression of those who had responded to Mao's call to criticize party cadres.

Despite his January 1967 call for rebels to seize power, Mao actually intended for them to play a more modest role—as mass representatives responsible for keeping veteran cadres from abusing their power. Rebel leaders were ultimately compelled to disband their organizations and join newly created workers congresses and revolutionary committees, which—under official auspices—were to supervise factory administration. Although many rebel leaders did end up in leadership positions, after their factional organizations had been dismantled they lost their independent source of power and they were no longer responsible to their mass constituencies. Moreover, the institutionalized form of contention between "new" and "old" cadres that emerged in the final years of the Mao era was entirely dependent on his personal authority and was extinguished with the purge of the radical faction that followed his death in 1976.

The Cultural Revolution, which gave rise to rebel groups momentarily free from party tutelage, was Mao's most audacious effort to introduce autonomous collective action and contentious politics into the work unit system. Because he was ultimately unwilling to allow the permanent establishment of independent organizations, however, this experiment was no more successful than those that preceded it in creating institutional remedies for the lack of autonomy.

Although China's post-Mao leadership, with Deng Xiaoping at the head, was determined to put an end to the disruptive mass campaigns and factional contention of the Mao era, it dusted off institutional forms of industrial participation, including staff and workers congresses. Employees were particularly encouraged to participate in deliberations about distribution, which became more important as work units kept more of their revenues and used them to improve compensation, housing, and other entitlements for their members. Although the CCP had by then renounced its original class-leveling mission, a strong egalitarian ethos continued to prevail within factories, and because early market reforms left in place the fundamental features of the work unit system—public ownership and permanent employment—workers still had a substantial voice. During the second half of the 1980s, however, employee participation was increasingly viewed as an obstacle to more radical industrial reforms, especially the elimination of permanent employment. For this reason, the power of factory directors was enhanced and they became the key agents of the reform agenda.

Over the past two decades, despite tenacious resistance, industrial restructuring has forcefully revoked workers' citizenship rights in their factories, effectively disenfranchising them. All workers were compelled to *maiduan*, exchanging their lifetime membership status for money, and those who were not laid off were rehired as contract workers. Industrial enterprises were converted from membership organizations into shareholding companies and enterprise leaders were converted into major shareholders. Factory directors were now incentivized—and compelled—to maximize profits and, freed from extra-market ties to their workers, they were able to pursue this goal by cutting labor costs and adjusting their labor force according to market requirements. In a very short time span, China moved from one extreme to the other, shifting from a system of permanent employment to one of precarious employment with a highly mobile labor force. The opening up of labor markets has been accompanied by an equally extreme shift in economic distribution. In the late 1970s, income distribution in China was among the most egalitarian in the world; today it ranks among the most unequal.[1]

The political consequences of opening up labor markets and dissolving work unit communities have been equally dramatic. As their workplace citizenship rights have been rescinded, workers have lost not only job security and economic entitlements, but also their status as legitimate stakeholders. The growing precariousness of labor has profoundly undermined the foundations of the participatory institutions created during the work unit era. Shop floor self-management has been replaced by disciplinary regimes enforced by bonuses, fines, and the threat of dismissal, and while many enterprises have continued to convene staff and workers congresses, their role has been greatly diminished in law and even more in practice. In the future, while we will no doubt continue to see instances in which employees use SWC meetings to protect their interests, the viability of such efforts continues to fade as employment becomes more precarious.

The momentous changes of recent decades have transformed Chinese society in many ways. The state has retreated from the overweening role it played in the past, easing severe

[1] Xie and Zhou (2014). Also see Central Intelligence Agency (2018).

ideological constraints on expression and giving individuals more autonomy in directing the course of their own lives. At the same time, industrial restructuring has made work highly precarious, disenfranchising workers and creating a much more coercive environment inside factories. The changes were summed up tersely by Wang Miaoxin, the Beijing radio factory worker, who began working in 1956:

> That's where the human rights problem lies today, it's more and more limited. In the past, it seems that on the big questions they controlled you, but inside the workshop, inside the factory, in your everyday life, you still had basic rights, you still dared to express your own opinions. Now you don't dare, you face the problem of being laid off. Back then, even if you committed a big mistake they wouldn't fire you. Now, if you fart, they'll lay you off! So, people's rights have moved backwards.[2]

Examining the rise and fall of industrial citizenship provides another angle from which to consider the relationship between market reforms and democratization. In the 1990s, as China and other socialist countries were reorganizing their economies according to capitalist principles, academics debated the possible political consequences. In the "dual transitions" literature that emerged, a common assumption was that market reform and democratization would—or at least should—go hand in hand. Although few argued that market reform would automatically lead to democratization, much of the scholarship was underpinned by a deep-seated belief that there is an intrinsic link between capitalism and democracy.[3] Over the course of the past three decades, the actual results have been mixed. In some countries, market reforms were accompanied by movement toward more liberal political institutions, in others they were not. By now it is clear that there is no direct, intrinsic relationship between market reforms and democratization; capitalism in post-socialist countries, like capitalism more generally, is compatible with a wide variety of regime types, both authoritarian and liberal.

The dual transitions literature did not consider the relationship between market reforms and democracy in the workplace, which involves a different set of mechanisms and dynamics. Because a central aspect of these reforms, in China and elsewhere, has been making employment relations more precarious, they have undermined industrial citizenship, the essential foundation for any kind of workplace democracy. The causal relationships are direct and difficult to avoid. As Chinese enterprises have joined global markets and adopted capitalist principles, they have been compelled to minimize labor costs, which has spurred them to concentrate power at the top, and Chinese workers, having lost their secure footing in factories, were in a poor position to resist. Thus, while market reforms have done little to promote democratization of state politics, they have directly undermined conditions for democracy in the workplace.

Labor market reforms were carried out in the name of reducing dependency, a watchword widely embraced in the 1980s and 90s by scholars studying China and other socialist countries in

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[2] Interviewee A2.
[3] For reviews of the "dual transitions" literature, see Bunce (2001) and Centeno (1994).

transition. Andrew Walder's 1986 book, *Communist Neo-Traditionalism*, was particularly influential, and it helped frame market reforms as a means to free workers from dependency on their workplaces and their supervisors. The goal of labor market reforms, however, was never to empower workers in the workplace. On the contrary, Walder was concerned that permanent job tenure not only shackled workers, but also constrained managers, a condition he described as "mutual dependency." In the late 1980s, as labor market reforms were gaining traction in China, Walder published a series of articles, based largely on interviews with factory managers, in which he lamented what he saw as an excessive degree of influence exercised by workers.[4] His remedy was to eliminate permanent job tenure. "Since the pressures from below are felt because managers and workforce are bound together permanently, further progress will also depend on weakening the ties that bind the enterprise and its current workforce," he wrote. "As a vocal minority of China's economists advocate, a genuine labor market, which would allow the dissatisfied to leave and managers to dismiss the unproductive, would help undercut pressures from below."[5] Subsequent developments have abundantly confirmed Walder's prognosis.

Prospects

As the SWC and other participatory institutions have declined, workers have pursued their interests by other means. The restructuring of state-owned enterprises and the explosive growth of new private factories have been accompanied by a growing number of collective petitions, protests, strikes, and factory occupations. The number of strikes recorded by researchers at the *China Labour Bulletin* grew dramatically from 185 in 2011 to 2774 in 2015.[6]

During the work unit era, when factories were organized as longstanding communities, power within these communities was based on political resources; with the dissolution of these communities, power is increasingly based on market resources. Today factory owners have tremendous resources at their disposal and individual workers, who possess few market resources other than their labor power, are generally in a very disadvantageous position. In recent years, however, many factories, especially those that offer the lowest pay and the most miserable working conditions, have found it difficult to find and retain workers. Under these circumstances, even employees who enjoy little job security have been able to use tight labor markets to their advantage.

Because the government continues to suppress efforts to establish autonomous unions, workers' strikes and protests have largely been organized in an *ad hoc* fashion; in some ways, they resemble the early battles of labor movements in China and elsewhere, which had few

[4] Walder (1987), Walder (1989).
[5] Walder (1989, p. 263).
[6] *China Labour Bulletin* (2016). The *CLB* notes that these numbers are only partial (as they are based on press accounts and no official statistics exist) and that the increase in the number of strikes recorded reflects in part improving data collection capabilities.

institutional supports. Nevertheless, they have won small but important victories.[7] In the future, if workers are able to increase their organizational capacity, they may once again be able to lay claim to their jobs. Until they are able to do this, however, they will continue to be in a weak position to demand a greater say in factory affairs.

Global patterns

The story I have told about China has followed a trajectory that—in its broad outlines at least—lines up with global trends. The participatory institutions of China's work unit system were born during the height of the global era of industrial citizenship, when a vast swath of the world was governed by state socialist regimes and what has been called "embedded capitalism" prevailed in much of the rest of the globe. Long term job tenure became the norm not only in socialist factories, but—in a weaker form—in many capitalist factories as well, providing a foundation for institutional incorporation via unions and works councils. In the subsequent neoliberal era, the foundations for industrial citizenship have been eroded not only in China, but across the globe. In order to more fully appreciate the developments in China, this section considers this global context. Because every country has taken a somewhat different path, providing an adequate account of global trends over many decades is a difficult undertaking. In the following section, therefore, while describing broad tendencies, I will focus on a single country, Germany. Germany stands out for several reasons.

First, it is possible in Germany to examine how institutions of worker participation have functioned in a capitalist industrial order. Although China was unique in important ways, the path it took was broadly similar to that taken by other countries that adopted the Soviet model of socialism. The institutions built in Germany in the early decades of the 20th century and in West Germany during the post-war decades were also unique, but they had much in common with those in other advanced capitalist countries, providing insight into the era of industrial citizenship in the capitalist world.

Second, Germany has been at the center of efforts to advance industrial democracy since these efforts began in the 19th century. In this section I will describe three global waves of industrial citizenship, the first unleashed by the First World War, the second unleashed by Second World War, and the third unleashed by the global upsurge of protest that began in the late 1960s. Germany was not only at the center of each of these waves, but at each conjuncture, the peculiar conditions that prevailed in Germany produced particularly strong versions of participatory institutions.

Third, Germany was at the heart of the international movement that created "works councils." Employee representative assemblies are only one form of workplace participation, but they have been a particularly important form and one that lends itself to international comparison because of its formal nature. Labor unions were stronger in other countries, most prominently in

[7] Chan (2010), Chan (2011), Chan (2015), Choi and Peng (2015), Friedman (2014), Friedman and Kuruvilla (2015), Froissart (2017), Liu and Li (2014), Pringle (2011), Pun (2016), Zhang (2016).

Sweden, but in Sweden, as in other industrial powers, capitalists strongly opposed works councils as an infringement on their property rights. In contrast, German capitalists, due to their particularly weak position following the two world wars, were compelled to accept works councils, and in the long run nowhere have such councils been stronger and more resilient.[8] Thus, Germany was selected not as a typical, but rather as an extraordinary example of what was possible during the era of industrial citizenship.

Three waves of industrial citizenship

The idea of workers councils was born along with the early trade union movement in Europe in the 19th century, but it was the disruption caused by the First World War that gave rise to a powerful council movement in countries across the continent. The movement was strongest in countries in which governments had been most weakened by the war, including Russia, Germany, Austria, Hungary, and Italy. In Russia, the Bolshevik wing of the Social Democratic Party harnessed the council movement to capture power, and while similar revolutionary council movements were defeated in Italy, Hungary, Germany and Austria, the post-war upheavals led to the institutionalization of reformist works councils in the latter two countries.[9]

In Germany, the monarchy—defeated in the war—was overthrown in 1918. In the midst of the political upheaval that began that year, workers in factories across the country established works councils. The radical wing of the council movement—dominant in Berlin and the Ruhr, the heart of Germany's iron, steel, and coal industries—sought to follow the revolutionary example set by the Russian *soviets*, and even the moderate wing aspired to workers' sovereignty in the workplace, equating demands for works councils to republican demands for a popularly elected parliament to exercise state power. The moderate wing prevailed at a momentous national Congress of Works Councils held in 1920 and later that year the new government enacted a Works Council Law. Although the revolutionary factions strongly opposed the reformist version, they participated in what became a robust competition for leadership in the councils. During the Weimar Republic, however, the councils were never fully institutionalized due to the opposition of industrialists, who—once the political situation had stabilized and they had reestablished their authority inside factories—were less willing to compromise their power. Nevertheless, the councils were at the center of a vibrant workers' movement until they were shut down by the Nazi regime in 1934.[10]

The Second World War gave rise to a second wave that was broader geographically, extending beyond Europe, and led to more firmly established institutions of workplace participation, opening up the global era of industrial citizenship. During the decade that followed the war a wide variety of systems of participatory management emerged in countries with both socialist and capitalist economic institutions. This wave gave rise to the Chinese institutions of

[8] Brulin (1995), McGaughey (2015), Streeck (1995), Thelen (1993), Victorin (1979).
[9] Bayat (1991), Sirianni (1982). In Austria, works councils followed a trajectory very similar to that in Germany (Gulick, 1958).
[10] Luthje (2015), McGaughey (2015), Sturmthal (1964, pp. 11-16), Thelen (1991).

workplace participation described in this book as well as to the Yugoslav system of "self-management;" both were established from scratch in largely agrarian countries by revolutionary peasant armies as they sought to consolidate control of urban factories.[11] In industrialized European countries, where the council movement already had a long history, the situation was quite different; as new regimes emerged from the devastation of war, workers once again spontaneously set up councils, some of which survived while others did not.[12]

In Germany, after the collapse of Nazi regime, industrial capitalists were once again in a very weak position; many had fled and others were arrested for collaboration. Workers immediately reorganized works councils and—to different extents—the British, American, French and Soviet occupation authorities facilitated the development of these councils, which played an indispensable role in rebuilding factories and restoring production. In the eastern section of the country, however, the Soviet authorities, who had long since eliminated the factory *soviets* that had brought them to power, folded the works councils into tightly-controlled trade unions.[13] The same thing happened in other Eastern European countries in the Soviet bloc, but in 1956 insurgent workers in Hungary and Poland reestablished factory councils. While the Hungarian councils were crushed, in Poland state-sponsored councils became an established part of the industrial relations system and later, in the 1970s and 80s, they became a focal point for tumultuous factory politics.[14] In East Germany, however, industrial governance institutions were far more authoritarian and, although permanent job tenure gave workers shop floor bargaining power, there was no room for workers' councils. [15]

In West Germany, as in much of Western Europe, industrial democracy became a watchword among communist and socialist parties as well as among union leaders of all stripes, and the idea was also embraced, with varying degrees of enthusiasm, by government leaders and employers, who sought to secure a place on what then seemed to be the progressive side of history. Unions aligned with the Social Democratic and Communist parties favored the nationalization of industry, and all unions, including those in the Catholic camp, forcefully demanded the recognition of works councils. Nationalization was not on the agenda of the newly-established conservative government, but in 1951 it enacted a new "co-determination" law that provided for works councils as well as worker representatives on company supervisory boards. This law, however, only applied to the steel and coal industries, where the council movement was strongest, and a subsequent law for other sectors allowed only a very limited role for works councils.[16]

The third wave was propelled by the global upsurge of radical political movements that began in the second half of the 1960s. This upsurge, which included the Cultural Revolution in

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[11] On the Yugoslav system of self-management, see Comisso (1979), Comisso (1987), King and van de Vall (1978), Sturmthal (1964), and Verba and Shabad (1978).
[12] Schmitter (1974), Stephens and Stephens (1982), Streeck (1995), Sturmthal (1964),
[13] Dale (2003), Frege (1996).
[14] Federowicz and Levitas (1995), Sturmthal (1964, pp. 23-24, 119-139).
[15] Frege (1996), Madarász (2006).
[16] King and van de Vall (1978), McGaughey (2015), Muller-Jentsch (1995), Rogers and Streeck (1995), Stephens and Stephens (1982), Sturmthal (1964, pp. 62-85), Thelen (1991),

China, took very different forms, including student protests, street demonstrations, urban rebellions, guerrilla insurgencies, and industrial actions. Wildcat strikes and plant occupations closed down factories across Europe, most prominently in France, Italy, Czechoslovakia and Poland. This period of ferment led to the creation, revitalization, or reinforcement of works councils and similar institutions across the European continent and beyond, including in socialist, nationalist, and populist regimes in the global South.[17]

In West Germany, a powerful rank-and-file union movement emerged, centered once again in the iron and steel industry in the Ruhr. A wave of illegal strikes that began in 1968 and culminated in 1973 directly challenged the leadership of the increasingly bureaucratic central union federation, which had suppressed industrial actions. Works councils were in the center of the upheaval, with some councils organizing strikes and others stifling them. In response, the government, led for the first time since the war by the Social Democratic Party (SPD), enacted a series of new labor laws that extended stronger works councils to all sectors of the German economy. As a result of these three waves, workers' participation in industrial governance was institutionalized to a greater extent in West Germany than in any other capitalist country. As will be discussed below, these councils were instruments for securing "labor peace," but they also became important channels for workers' influence. Although in key realms the law only required that employers inform or consult works councils, in areas that most directly affected workers they were required to win council approval, or at least acquiescence.[18]

The power of German workers was underpinned by job tenure that was unusually secure compared to historical norm in capitalist enterprises. Relying on institutional arrangements established during the immediate aftermath of the war, unions and works councils were able to leverage the protracted shortage of labor created by rapid economic growth during the post-war decades to reinforce particularly strong norms of industrial citizenship.[19] These norms upheld workers' rights, while at the same time encouraging identity with the enterprise and cooperation in managing production. This type of industrial culture, Adolf Sturmthal noted, was underpinned by "the lack of mobility of the West German worker, his attachment to a particular enterprise, his involvement in its life."[20]

The space for autonomous collective action was also comparatively broad, although there were still substantial constraints. The German Communist Party, which had played a key role in the radical council movement, was banned in 1956, and labor unions, which were brought into a single federation under the hegemonic leadership of the SPD, became increasingly conservative and bureaucratic. Legal prohibitions prevented works councils from calling strikes and ubiquitous "no strike" clauses prohibited industrial actions by unions except during contract negotiations. Moreover, strikes had to be authorized by central union leaders, who were committed to "labor peace."[21] Still, the union federation was not simply a tool of management

[17] Bayat (1991), Stephens (1987), Stephens and Stephens (1982), Streeck (1995).
[18] Muller-Jentsch (1995), Thelen (1991), Thelen (1993), Stephens and Stephens (1982), Streeck (1995).
[19] Muller-Jentsch (1995), Palier and Thelen (2010), Streeck (1995), Thelen (1991).
[20] Sturmthal (1964, p. 75).
[21] Sturmthal (1964).

and the state, as the ACFTU became in China. Moreover, even after the Communist Party was banned, there was a great deal of room for autonomous collective activity by opposition organizations inside and outside of the factory. From the beginning, such autonomous activity played a critical role in driving the expansion of workplace citizenship, and this was especially true during the third wave.

Decline in the neo-liberal era

The global movement toward industrial citizenship proved short-lived and after a few brief decades capital was back on the offensive, indignantly reclaiming its property rights. The years following the third wave marked a high water mark of workers' power and the beginning of a gradual decline. In the 1990s, as the global neoliberal turn put an end to both socialism and embedded capitalism, neoliberal policies severely eroded membership rights in workplaces across the globe. The advance of these policies has been uneven, but by now virtually all countries have been fundamentally transformed. Long term job tenure has been replaced by more precarious employment, creating a hostile environment for the participatory institutions created in the postwar decades. Hired labor, employers insist, cannot be allowed to have a say in factory affairs, as this would impinge on the property rights of owners. These ideas are particularly strong in the United States, always a bastion of property rights, but they have increasingly won the day in former socialist states, as well as in capitalist states that once embraced workers' participation. Under today's conditions, efforts to shore up institutions of workplace participation and representation, in China and elsewhere, have yielded anemic incarnations that have accommodated rather than constrained the market and the instinctive inclinations of capital.[22]

In Germany, unions and works councils have proved more resilient than in other countries, but by now they are a shadow of what they were the past. Neoliberal policies have gradually enhanced the mobility of both capital and labor, eroding the foundations of membership rights. In the globalized environment brought about by the creation of the European Union and the WTO, German industry has flourished, but only by diminishing the conditions of its labor force. After several decades of employment cuts, German industry is continuing to aggressively pursue labor force "dualization," relying increasingly on immigrant workers. As a result, an aging and shrinking core of veteran workers who survived downsizing still enjoy certain tenure rights, while most workers are now hired on more precarious terms, including an increasing number of agency and temporary workers.[23]

Works councils and other institutions of participation continue to exist, but they have been weakened substantially. German reunification and the establishment of the European Union (EU) initially led to the formal expansion of unions and works councils, but ultimately have profoundly undermined their influence. Following reunification in 1990, West German union and works council structures were imposed by bureaucratic means in East German factories,

[22] Ost (2000), Ost (2011), Standing (2009), and Streeck (2006).
[23] Palier and Thelen (2010), Zhang and Lillie (2015),

creating formalistic institutions that did little to protect workers during the subsequent years of industrial restructuring and layoffs. The establishment of the European Union in 1993 was followed by an agreement to create works councils in companies that operated in multiple member states, but these councils are watered-down versions of those established in the past. As industrial corporations have grown into colossal behemoths that span borders and shift capital and production around the globe, they have steadily escaped from the reach of works councils and co-determination schemes designed to operate in smaller entities. As a consequence of all of these developments, the number of union members in Germany has dropped sharply in recent decades, and both unions and works councils have become more acquiescent.[24]

Looking back

Even when the power of German works councils was growing, it was clear that fundamental problems hindered their democratic potential. Looking back, how should we evaluate their legacy?

Works councils in West Germany, even in their heyday, shared with similar institutions in other countries—including China—a number of conservative characteristics. Founded on the principle of representation within the existing economic order, they were designed to facilitate cooperation between labor and management in order to resolve conflicts and develop policies that both sides could agree on. For this reason, even in their heyday, works councils were particularly prone to bureaucratization and long-serving representatives, derided in Germany as "professional council members," were often only tenuously accountable to the workers who elected them. With reason, the councils came to be viewed by many workers as part of the factory administration.[25]

Moreover, works councils in some ways have reinforced industrial hierarchies. Technical staff and skilled workers have always been more involved than ordinary workers, a trend that is only increasing. This has been true especially of female workers, who have always been severely underrepresented among council members. As "dualization" has advanced, temporary and agency workers have been largely left on the sidelines, and works councils have never been very good at integrating immigrant and foreign workers, and have often failed to defend their interests. Works councils have also reflected and reinforced differences among workplaces. They have always been stronger in large enterprises and weaker—or non-existent—in smaller ones. And because they are based in a single plant, one the one hand they have been closer to workers than the centralized union federation, but on the other hand they have been susceptible to efforts to undermine broader solidarity (and in some cases they have been manipulated by management to weaken the union).[26]

[24] Luthje (2015), McGaughey (2015), Palier and Thelen (2010), Streeck (1997), Streeck (2006), Zhang and Lillie (2015).
[25] Furstenberg (1977), King and van de Vall (1978), Stephens and Stephens (1982).
[26] McGaughey (2015), Muller-Jentsch (1995), Palier and Thelen (2010).

Despite these problems, there is no doubt that the establishment and expansion of the works council system was a significant accomplishment, which has reflected and served as a mechanism for exercising workers' power. Over the course of the three waves of industrial citizenship, German workers won recognition as stakeholders in the enterprise, who had a right to voice their opinions and defend their interests. Democracy in the workplace became a legitimate aspiration and even if the institutional arrangements have always been limited, frustration with these limits has repeatedly inspired movements to transcend these arrangements. It is not surprising that works councils, as organizations integrated into existing institutions, have tended to become conservative, but it is also not surprising that they have served as a focal point for opposition movements pressing for the expansion and enhancement of democratic participation.

A longer perspective

If we look back at the evolution of institutions of workplace representation and participation over the century or so that industrial citizenship was on the rise, a long term pattern of progress is visible. The early institutions were quite modest and feeble, incorporating few workers and allowing them little real influence, but they opened the way for subsequent waves of inclusion and expansion, in terms of both numbers and power. This pattern is similar to the advance of democracy in the political realm. It is worthwhile, therefore, to take a step back to consider the recent rise and fall of industrial citizenship in light of the long, tortuous path to citizenship in national states.

Modern conceptions of citizenship have been shaped by struggles over rights and responsibilities within national states, but their origins predate these states. Long before individuals were citizens of modern states, they were citizens of small traditional communities—extended kinship groups, villages, guilds, towns, and so on. Back then, states were typically the property of monarchs and the people who lived within their domains were subjects—not citizens—of the state. As monarchs centralized political power and increasingly imposed state authority on their subjects, however, they responded by making greater claims on the state. Eventually they challenged the sovereignty of the monarch, disputing the idea that the state was his private domain and claiming that the people, as citizens, were sovereign. The ensuing battle lasted centuries, but ultimately the idea of popular sovereignty prevailed, and today, although some states are more democratic than others, few deny the sovereignty of their citizenry.

In the economic realm, as capitalists created huge enterprises and converted more and more of the population into wage workers, a similar battle ensued. By the middle decades of the 20th century, powerful labor movements and socialist revolutions, unleashed by two world wars, had put capitalists on the defensive, disputing their sovereignty over enterprises that had come to dominate the economic realm. Capitalist property rights were abolished in some countries and curtailed in others, and workers were widely recognized as industrial citizens. The advance of citizenship in the economic realm, however, was decisively reversed after the 1970s, and by now

neoliberal principles, based on the most expansive understanding of capitalist property rights, have triumphed across most of the globe. Capital has continued to take over more and more of the economic realm, displacing small producers and subordinating an ever growing proportion of the population to the discipline of its corporate hierarchies. Determined to avoid the painful setbacks of the past, its advocates have proclaimed with great conviction that the economic realm is off limits to democracy. Under these conditions, the possibility of recovering industrial citizenship may appear remote, as the currents of history seem to be flowing in the other direction.

In the long run, however, it is hard to imagine that capital's claims to sovereignty in the economic realm will hold any more than past monarchical claims to sovereignty in the political realm. Employees will not stop demanding a say at work simply because capital maintains that its ownership rights cannot be infringed. It is, of course, unlikely that institutions that flourished during the retreat of capital in the middle decades of the 20th century will reemerge in the same form. Those institutions—whether of the socialist or the embedded capitalist variety—are by now creatures of the past; an evolving world will give rise to new creations. Nevertheless, as workers continue to strive to gain control over their conditions of work, they will confront similar fundamental issues, and to fully understand these issues it is necessary to carefully study the experiences of the era of industrial citizenship.