

The German System of Codetermination

Online Seminar Series from October 2020 to February 2021

organized by

William Lazonick, The Academic-Industry Research Network

Ulrich Jürgens, IGZA / WZB

Since the 1970s American workers have borne the brunt of extreme economic inequality. The vulnerability of most American workers has been all too evident in the Covid-19 crisis. Organizers, lawmakers, and scholars are displaying a growing awareness of the need for employees to have representation in corporate boardrooms so that they can have a voice in the decisions that determine their livelihoods. In a nation in which, for decades, shareholder primacy has prevailed as the principle of corporate governance, there is now an overwhelming need for significant institutional change.

The purpose of this workshop is to spark U.S. public interest in codetermination by drawing on the German experience to provide Americans with a clear and concise rationale for making worker representation integral to their corporate-governance system. The creation of a viable U.S. system of codetermination must confront not only the extreme hegemony of shareholder-value ideology but also the power of vested financial interests whose wealth is dependent on the perpetuation of this ideology. Enhancing their power is the inexperience of the American labor movement in participating in corporate decision-making.

There is political interest in worker representation in the form of current U.S. Congressional legislative proposals. In March 2018, U.S. Senator Tammy Baldwin introduced legislation called the Reward Work Act, which would require one-third of the board members of publicly-listed companies to be worker representatives. In August 2018 U.S. Senator Elizabeth Warren, a co-sponsor of the Baldwin bill, added the Accountable Capitalism Act, which would require that corporations with more than one billion dollars in revenues (about 1,700 companies in the United States) have 40 percent of their board members represent workers. In November 2018, both Senators were handily re-elected for six-year terms, and in March 2019 Sen. Baldwin held a Senate hearing on the Reward Work Act as she reintroduced this legislation, supported by a staff study of why American workers need board representation. In October 2019, Sen. Warren announced that she was reintroducing the Accountable Capitalism Act.

The American audience requires a deep understanding of the German system of codetermination in its own institutional, organizational, and economic context combined with an informed comparative analysis of how worker representation would function and perform in the very different U.S. context. Of particular importance is the integration of corporate governance, through union representation on supervisory boards, with employment relations, through employee participation in plant-level works councils, as well as modes of corporate finance that can sustain these employment relations.

Program Overview

The original plan was to have an in-person workshop in Berlin in late March 2020, but the pandemic forced cancellation. Instead, we are running the workshop as a series of six two-hour online seminars, with the following schedule:

Date	Topic
October 23, 2020	Welcome and keynote presentation
November 13, 2020	Investment in productive capabilities
December 4, 2020	Corporate governance and codetermination
January 15, 2021	Employment relations and productive performance
February 5, 2021	Shareholder value and the German business system
February 26, 2021	Lessons of the German business system for the United States

All sessions start at 9:00am (Eastern Time) / 3:00pm (Central European) and run for two hours.

Project organizers:

William Lazonick is President of the Academic-Industry Research Network and Emeritus Professor of Economics at University of Massachusetts. He is currently a Canadian Institute for Advanced Research (CIFAR) Fellow and an Open Society Fellow. Previously, Lazonick was Assistant and Associate Professor of Economics at Harvard University, Professor of Economics at Barnard College of Columbia University, and Distinguished Research Professor at INSEAD in France. He has professorial affiliations with SOAS, University of London and Institut Mines-Télécom in Paris. He earned a B.Com. (Commerce and Finance) at the University of Toronto, M.Sc. (Economics) at London School of Economics, and Ph.D. (Economics) at Harvard University. He holds honorary doctorates from Uppsala University and the University of Ljubljana. Lazonick's research focuses on the social conditions of innovation, socioeconomic mobility, employment opportunity, income distribution, and economic development in advanced and emerging economies. The Institute for New Economic Thinking has funded much of his research over the past decade.

Ulrich Jürgens studied political science and economics at the Free University of Berlin, receiving his PhD in 1977 and habilitation in 1989. He is currently visiting researcher in the Globalization, Work, and Production Group at Wissenschaftszentrum Berlin für Sozialforschung (WZB), with which he has been affiliated since 1977. At WZB, from 2003 to 2011, he was head of the Knowledge, Production Systems, and Work Group, and in 2011-2012 head of the Globalization, Work, and Production Group. Since 2009, he has also served as scientific head of the Institut für Arbeit und Personalmanagement (IFAP) of the Volkswagen AutoUni. His current projects include a comparison of personnel systems in Japanese and German automotive companies. With Martin Krzywdzinski, he is co-author of *New Worlds of Work: Varieties of Work in Car Factories in the BRIC Countries*, Oxford University Press, 2016.

Programme

Friday, Oct. 23 **Welcome to the WZB**
Ulrich Jürgens, WZB / IGZA

Keynote

William Lazonick, The Academic-Industry Research Network

Friday, Nov. 13 **Investment in productive capabilities**
Speaker: Peter Brödner, University of Siegen
Panel: Gerhard Bosch, Universität Duisburg-Essen
 Jürgen Kädtler, SOFI Göttingen
 Robert Scholz, WZB
 Marie Carpenter, Institut Mines-Télécom, Paris
Moderator: William Lazonick, AIRnet

Friday, Dec. 4 **Corporate governance and codetermination**
Speaker: Sigurt Vitols, WZB
Panel: Rainald Thannisch, DGB
 Ulrich Jürgens, WZB
 Stephen Silvia, American University
 Lenore Palladino, University of Massachusetts Amherst
Moderator: Sebastian Botzem, Universität Bremen

Friday, Jan. 15 **Employment relations and productive performance**
Speaker: Thomas Haipeter, Universität Duisburg-Essen
Panel: Martin Krzywdzinski, WZB
 Antje Blöcker, Universität Braunschweig
 Antonio Andreoni, SOAS University of London
 Stephen Silvia, American University
Moderator: Ulrich Jürgens, WZB / IGZA

Friday, Feb. 5 **Shareholder value and the German business system**
Speaker: Michael Faust, SOFI Göttingen
Panel: Paul Windolf, Universität Trier
 Robert Hockett, Cornell University
 Mustafa Erdem Sakinç, University of Paris 13
 William Lazonick, AIRnet
Moderator: Neerja Sewak, Business executive

Friday Feb 26 **Lessons of the German business system for the United States**
Panel: Robert Hockett, Cornell University
 Ken Jacobson, The Academic-Industry Research Network
 Sarah Pray, Open Society Foundations
 Robin Varghese, Open Society Foundations
Moderator: Lenore Palladino, UMass Amherst