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COMMENT

PARTICIPATION AS SEEN BY BOTH SIDES OF INDUSTRY

A Zurich cosmetics firm, Juvena AG, has decided to share part of its profits with its 1,400 employees. If the Shareholders agree at their next Annual Meeting, employees with more than three years service will be given an option on three shares a year. These shares will be available at the offering price of the latest issue, or 65 francs for 20 franc nominal shares currently quoted at 157 francs on the stock market. However, the firm plans to limit to 5 per cent the proportion of capital thus transferred into the hands of its employees and workers.

This initiative is by no means the first of its kind recorded in Swiss industry. Since 1968, some sixteen major Swiss firms have introduced participation schemes. Conditions vary appreciably. Some firms like Juvena, offer the price of the latest capital issue, others demand as little as 70 per cent of the nominal value. Some allow their employees to buy several shares, others only one a year. Some withold disposal of shares until retirement against tax advantages. Other institute a temporary withdrawal so as to encourage the fidelity of their worker-shareholders.

Landys and Gyr, one of the first companies to have introduced a participation scheme, distributes 50 per cent of its net profit to its employees according to a complex points system. Thus is distributed 18.1 million francs to its employees in 1970 and 13.5 million the following year. Ironically, the fall in share-out was due to increased wages, which reduced net profits.

These various schemes are all devised by management to induce more work, less labour turnover, more satisfaction and more attachment from their staff. They can be considered as a new chapter of managerial sciences. Whether they conform to the notion of *Intéressement* by which the French Government hopes to improve the social climate of industry, or the demands of Swiss trade unions, who have launched an initiative calling for federal legislation providing for worker representation in management, is another matter. In fact, participation really means two things for management and unions. For the former, it is a means of improving output by rewarding performance, for the latter, it is a second best alternative to working-class control of the means of production.

Unable, in the circumstances, to propose Marxist takeover to their members, Swiss trade unions have fallen back on some milder form of power-sharing. Far from being primarily concerned about industrial output, their aim was to reduce both the power and takings of share-holders. Thus the notion of participation, which many consider as a way-out to labour-management confrontation, is seen quite differently by both sides of industry. No agreement has been reached by the "social partners" in Switzerland on that subject. Swiss entrepreneurs are positively against the idea of constitutional norms telling them how to manage their businesses.

Owing to a tradition of good industrial relations, and the particular mentality of the Swiss worker, it has been possible to implement (mainly in service industries) management-inspired participation schemes in Switzerland. Whether such schemes will be profitable in changing circumstances marked by increased repugnance to work remains to be seen. Such schemes have succeeded elsewhere in special cases, such as Rolls Royce in Britain and Volkswagen in Germany. Attempts to turn Renault workers into shareholders have been disappointing. The success of future attempts will depend on whether the actual radicalisation of unions in most countries continues. At present, most Swiss companies are in favour of their view of participation.

(PMB)

SWISS EVENTS

FEDERAL

Swiss-EEC Agreement: The Referendum will finally take place

Deciding whether or not to submit the recent Switzerland-EEC free trade agreement to the approval of the people, required two successive divisions in each of the two houses. The National Council was strongly in favour of this eventuality, but the Council of States rejected it. At a second vote, the National Council confirmed its original decision to put the Swiss-EEC Agreement to the people in a referendum, whereas the Council of States yielded and fell in line with the Lower Chamber. The electorate will thus be asked to say whether it agrees with the Brussels agreement, which comes into force on 1st January next year. The Federal Council has prepared a fat brochure explaining the terms of the treaty. This document will be distributed to every voter before the referendum is organised, presumably before the end of the year. The Autumn session of Parliament had earlier approved the Agreement. The controversy over this referendum (some of those who opposed it held strongly to their views) will probably lead in future to another Constitutional article pertaining to the participation of the Swiss people's decision-making on foreign affairs. The proposed referendum was not required by the Constitution but suggested by a government most anxious not to appear failing in democratic fervour.

Argentina put on the Arms-Ban list

No sooner had the Swiss people rejected an initiative purporting to ban nearly all exports of arms, the Federal Council put into application its own alternative proposals, passed by Parliament on 30th June, and consisting in strengthening the controls hitherto limiting the export of arms to countries either involved in wars or troubled by political troubles. The arms-ban list included some forty Asian and African countries. There were only two Latin-American countries. These were the tiny states of Salvador and Honduras, which were confronted in a "football" war during 1970. Now the Federal Council has added Argentina, a good customer, to the list of Latin-American