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THE SOCIAL POLICY OF THE E.C.: Reporting Information to Employees, a UK perspective Historical Analysis and Prognosis

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ABSTRACT

This paper reviews the development of a specific issue of social policy within a UK and European Union frame of reference; the transmission of information to employees on a regular and periodic basis as part of industrial relations and collective bargaining operations. The foundations of social policy in the UK were largely implemented after the end of the Second World War from policy investigations and research during that war. In the immediate post-war period, Britain attached a greater significance to the strengthening of Atlantic alliances than to the potential of political and strategic association with initiatives in Europe. Eventually, as Britain engaged in European discourse and integration, issues of the harmonisation of social policy in industrial relations emerged. During the 1970's, a consensus began to materialise in the UK consistent with ideas which were being discussed within the European Community. However, the UK general election of 1979 resulted in the empowerment of political and economic forces which were based, not on the corporatist structures of European states, but those of a more free and deregulated market-based ideology. During the 1980s, considerable opposition to the Vredeling proposals and the 5th Directive on Company Law harmonisation was encouraged and supported by the Conservative government, ultimately leading to the negotiation of an opt-out from the Maastricht treaty on the social chapter in 1992. The opt-out was hailed by Euro sceptics in Britain as a major diplomatic triumph but more recently a considerable number of British industrial and commercial organisations have indicated that they intend to comply with certain terms of the social chapter in 1996. As the European Union edges gradually to a review and renegotiation of the Maastricht treaty, commencing in 1996, this paper offers an historical analysis of British attitudes on certain social policy matters, explores the reasons for the British opt-out stance and assesses the political, social and economic attitudes which might be adopted in the negotiations of "

THE SOCIAL POLICY OF THE EUROPEAN COMMUNITY:

REPORTING INFORMATION TO EMPLOYEES,

a U.K. perspective:

Historical Analysis and Prognosis.[1]

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"I leave Messina happy because if you continue meeting you will not agree; even if you agree, nothing will result; and even if something results, it will be a disaster"

Russell Bretherton

UK delegate to the Messina conference, June 1955, which led to the launching of the European Community (1957).

Introduction.

The inter-governmental conference held in Maastricht, Netherlands, in 1992 was intended to establish the direction for the future development of the European Community. Although the politicians were able to present an almost united front on the conclusion of the negotiations, the resolutions agreed at the conference presented political and electoral difficulties for the participants as each country sought ratification of the Treaty. Countries which held referenda found majorities wafer-thin or non-existent, requiring in one instance the holding of a second referendum. Countries which did not consult directly their electorates encountered internal political party problems which threatened the political stability of the government itself.

1 A paper prepared for presentation at Faculdade de Economia, Universidade de Coimbra, on 30 April 1996.
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It could be argued that the leaders of the Community had formulated proposals which went beyond the wishes of their electorates, who objected primarily on the grounds of 'lost sovereignty'. However, even within the leadership ranks there had been open disagreement on a number of issues sufficient for opt-outs to be negotiated by participants. The UK negotiated two opt-outs, the single currency issue was conditional whilst the social chapter was regarded by the British government as absolute. This position has more recently been criticised as holding membership of the Community on an *à la carte* basis. Furthermore this posture is regarded as inconsistent with the demands of a single market as it places individual countries at variance with each other and erodes or destroys social consensus. This paper explores the background to the formation and development of social policy in the UK with particular emphasis on the issue of reporting information to employees.

Most of modern-day UK social policies emanated from major reconsiderations of pre-War policy undertaken during the Second World War. These initiatives were then pursued , enacted and consistently held for the next 30 years. A number of matters found a high level of congruity with mainland western Europe, despite the effect on British policy of the Atlantic connections. The Atlantic alliance created unexpected difficulties for Britain as she reconsidered her attention to European matters. Even the accession of the UK to full membership of the EEC in 1973 did not allay doubts either in Europe or Britain regarding Britain's true allegiance. Consequently these political and cultural differences made full harmonisation difficult to embrace over the period 1950 - 1979. The succession of the Conservative government in 1979 introduced discontinuity into the development of British politics, initiating a radical shift in emphasis and ideology (Gamble, 1990, pp. 335). The adoption of 'free and deregulated' market thinking was at variance with the system of corporatist governance more generally experienced on the continent and this ensured that relations and agreements with European partners continually encountered difficulties. Corporatist structures, whereby the state actively inter-relates with major constituent groupings were abandoned and, in the field of industrial relations, the workforce found itself faced with additional obligations and restrictions of rights. Any proposal which interfered with the ability of business to conduct itself as it wished was regarded with scepticism, thus,

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comments and observations of the participants at this presentation.

proposals from Brussels on social policy or the harmonisation of company law regarding workers' rights were blocked.

The British opt-out on the social chapter negotiated in 1992 was based on arguments of 'uncompetitiveness, additional costs and inflexibility'. Until quite recently British firms were not obliged to comply with the terms of the chapter on reporting information to employees and establishing works councils for that purpose. The British government has made it clear that its position on the social contract opt-out remains unchanged and is not negotiable at the inter-governmental conference due to commence its deliberations in 1996. Nevertheless there is growing evidence that at corporate operational levels, a significant number of British firms are taking steps to comply with certain aspects of the EU social contract, specifically the establishment of works councils. This paper explores the historical development of policy on employee reporting in the UK as a means of explaining the consistency of the British government attitude, despite its clearly exposed minority position and offers a prognosis on developments in this area. British commercial and industrial companies with substantial interests on the mainland are less motivated by political concerns and appear anxious to comply with some of the provisions of the social chapter. Continental firms with British subsidiaries appreciate that information flows will not be arrested by the existence of *la Manche.*

Corporatism, Social Policy and Aftermath.

The inter-war years of the twentieth century were marked by significant structural defects in the political, economic and social fabric of Europe. In Britain this led to a shift away from the minimalist state and late Victorian social liberalism to the concept of managed, planned capitalism activated by government intervention (Stevenson, 1986, pp.59-66). The managed economy required governments to gain the consent and co-operation of powerful producer groups represented within the economy (Beer, 1965). During the Second World War the wartime state organised and controlled manpower, consumption, agriculture, manufacturing and finance to such an extent that Middlemas (1986) described Britain as almost a corporatist state. From the end of 1940 all major participating segments in society were united with

government in the military and civil war effort and this led to a discourse with representative organisational interests considering the condition of the country after the war was won. These discussions culminated in a series of official reports covering social security, health, full employment, town planning and education. (For a more detailed exposition of the interventionist state and the reconstruction movement, see Walker & Shackleton, 1995).

The theme of the White Paper on Employment Policy in 1944 was that government accepted responsibility for levels of employment. Cairncross (1983) stated that the British government was the first in the world to make a commitment to securing a high and stable level of employment. This philosophy continued under various governments until 1976 but was finally rejected in 1979. Ultimately, through the 1980s, governments throughout Europe attached greater significance and ultimately priority to anti-inflationary measures. In part this shift in policy was a reflection of changing attitudes towards government intervention and the maintenance of the web of reciprocal obligations inherent in corporatist structures. Cairncross identified the forces spawning this major policy change:

> "There is less disposition in most countries to turn to government to put things right, less faith that governments know what to do or how to do it, more anxiety to set some limit to the role of government and the size of the government machine. This goes with a revolt by the taxpayer and an attack on the increasing demands of the welfare state. The counterpart is a rosier view of market forces, a recognition of the power of those forces and doubts whether government efforts to control them are based on a genuine understanding of how they operate. The upshot is a willingness to accept that government intervention in the market place may merely serve to make matters worse or prove entirely ineffective"
>
> (ibid, p. 4).

Until the rejection of the interventionist state, one of the major considerations in social and industrial policy in the UK had been in dealing with the state of industrial relations,

specifically addressing the issues of trade union behaviour and, at the workshop level, motivation. Crouch (1990, p.318) argued that, throughout the 1970s, British industrial relations moved in a Scandinavian direction, which is consistent with the corporatist state, whereby organised labour and employers were part of a *majorité* (insiders, trusted, able to participate in public life). However, during the 1980s, organised labour was pushed beyond the bounds of political respectability, relegated to a *minorité* (excluded, unconsulted, marginalised). Significant restrictions were introduced affecting employee rights and Addison and Siebert (1991, p. 606) noted that throughout the 1980s:

> "...the British were clearly in the vanguard of this (deregulation) movement, and the scope of deregulation was altogether wider-ranging than in other European countries. British measures included extension of the qualifying period for dismissal protection; the encouragement of fixed-term contracting; the exemption of small firms from job protection legislation; the repeal of legislation governing the working time of women; the removal of recognition procedures and 'fair wages' by extension; legislation narrowing the definition of what constitutes a lawful strike and eroding the basis of trade union legal immunities; virtual elimination of the closed shop; and the introduction of work incentive rules in social insurance schemes".

The basis of British government policy since the 1980s has been the pursuance of deregulated markets, which effectively precludes the involvement of social dialogue in a corporatist domain. Thus, when proposals emanating from the Commission have centred on the social contract, these proposals have encountered strong opposition, even when this has placed the British government in a minority. This position has been identified as a conservative stance but it can be demonstrated that this is a comparatively recent ideological position for during the period 1945-1979 a considerable degree of agreement existed on the issue of information disclosure which crossed political party lines. The change that occurred was due to the

emergence of the ‘new right’ philosophy which pervaded British politics during the late 1970s, influenced by American thinking, although it might be claimed to be a reversion to labour economics of the 1920s (Hopper & Armstrong, 1991). Gamble states that, for radicals, 1979 represented an ideological watershed in British politics with the ‘new right’ convictions breaking “...the hold of collectivism on intellectual opinion and the policy making
cit. p.334). This break was also consistent with concerns among Conservatives that the authority and importance of Parliament should be restored. Thus “...many wished to weaken, and if possible remove, the corporatist institutions which had supplanted the role of Parliament and provided a rival source of political legitimacy” (ibid, pp. 344). This latter concern is also clearly related to the issue of sovereignty, the suspected loss of which has been raised as a standard by the Euro-sceptics in the debate on the UK’s relationship with Europe and the move towards further integration. Wallace (1990, p. 158) concluded that “...a combination of constitutional imprecision and political argument ensured that the sovereignty issue remained a persistent source of controversy”. Thus “Brussels” becomes a political mantra of opposition to views, proposals, legislation and legal opinion which differ from those who oppose Britain’s membership of the European community. The concept of subsidiarity’ was attractive to those who wished to retain sovereignty yet the concept was not extended to others. Sovereignty issues arise not only between the EU and UK but also between Westminster and the component national and regional territories within the UK. Thus the constitutional problem is compounded and confused by the fact that Britain is a multinational country operating within a unitary system.

Reporting Information to Employees.

The issue of reporting information to employees of a company has featured prominently in the literature particularly from the 1970s. However, Lewis *et al*, (1984) identified an extensive literature covering this topic from the 1920s to 1979 primarily in Canada and the USA. They further claimed that periods of high interest co-existed with four factors, viz.,

1. Application of new technology in the workplace.
2. Increased merger activity in the corporate sector.
3. Groundswells of anti-union sentiment.
4. Economic recession and/or fears of recession.

Furthermore, these issues were concentrated in five periods, viz.,

Period 1.	1919 - 1923.
Period 2.	1938 - 1943.
Period 3.	1944 - 1955.
Period 4.	1956 - 1965.
Period 5.	1966 - 1979.

The Lewis *et al* argument was that "...rather than new issues being raised over time, the same issues were repeatedly recalled and reconsidered" (op. cit., p. 280) and moreover that the issues raised were motivated by management attempting to set an agenda for its own purposes.

From the 1960s the literature in the UK developed a growing interest in the topic and there was a groundswell of opinion across the industrial and social divide which appeared to support schemes for supplying information on the activities of companies to their employees. The issue was discussed as early as in the Jenkins report on company law reform (1962). The motivations of those who wished to involve companies in the public and social policy of providing information to employees were a matter of considerable debate. Bellace and

Gospel (1983, p. 58), in a comparative study of USA, UK and Swedish attitudes and laws, concluded that the industrial relations parties regarded the need to disclose information in different ways.

> "For government and international agencies, fuller disclosure has been seen as a way of promoting 'good industrial relations' ...this means either the encouragement of... 'orderly' collective bargaining or the 'smooth' operation of works council systems. The unions have seen disclosure as a way of furthering their aims by extending negotiations and joint regulation to areas previously regarded as the province of management. In this respect, European unions have viewed disclosure as one way to wider industrial democracy. On the management side, many employers have felt the statutory obligation (to disclose) as an invasion of managerial prerogatives."

The literature in the UK had a fairly neutral and normative objective in promoting good industrial relations (Foley & Maunders, 1977; Palmer, 1977; Maunders, 1981; Pope & Peel, 1981) based on the concepts of systematic and complete disclosure, subject only to constraints imposed by processing costs. The role of accounting information in the disclosure process was to enable rational bargaining to take place in an atmosphere of trust. Objections to this context were voiced by Craft (1981) and Ogden & Bougen (1985). Craft argued that disclosure was essentially a managerial decision to be used as a tactical bargaining weapon for management. Consequently, disclosure was assumed to be unwarranted and was regarded as inappropriate unless contingent organisational variables required disclosure. The Craft position on attitudes of the bargainers was that they were in an adversarial position and that the employee group was just one element within the organisational coalition, competing for resources which would be allocated by management decision (op. cit., p. 98).

The Ogden & Bougen analysis was "...informed by Marxist concepts of class conflict in which the interests of capital and labour are seen as being diametrically opposed" (op.cit., p.

211). Ogden & Bougen argued that the interests of labour were largely ignored by most writers and were assumed to be consistent with managerial interest. Furthermore, accounting data, when actively utilised in labour negotiations, ceases to be value-free and ideologically neutral. Consequently Ogden & Bougen assert that disclosure of accounting information as a managerial strategy equates accounting information as "...an ideological mechanism for propagating and reinforcing managerial values and purposes" (op. cit., p. 220). Thus by utilising accounting data employees run the risk of ideological incorporation. McBarnet *et al* (1993) reviewed the ideological debate and the concept of 'partisan' accounting. They undertook a pilot study which placed "...a question mark over the assumption that corporate financial information can only be used in the interests of management, that corporate financial information is ideologically unsuited to trade union use. Our pilot study shows that financial information is used by trade unions routinely and for many purposes" (ibid, p. 97).

Other empirical evidence appears to demonstrate that there is a 'bonding' rationale for communicating financial information to employees. This was much stronger in firms which had been recently privatised or operated a share ownership scheme than those companies which did not operate share ownership schemes ((Peel *et al*, 1991). This finding is of some interest as it accords with British government policy to motivate employee involvement through share and bonus schemes (HM Treasury, 1986).

Disclosure of Information: Progress and Barriers.

British initiatives.

Prior to 1938 the major thrust of financial information transmission to employees had been practised by the Quaker movement, which in Britain was represented by the cocoa and chocolate dynasties of Rowntree and Cadbury (Hilton, 1978). In addition companies which operated profit sharing schemes found that a certain minimum of information was required to support the schemes to their employees.

Major reconsideration of the relationship between the state, industry and trade unions did not begin to emerge in Britain until the 1960s. Consideration of reporting information to employees became a public policy debate, commencing with consideration of the issue by the Jenkins committee (1962). At a later point the Labour government under Harold Wilson, received the Donovan Commission report in 1968 after three years of deliberation (HMSO, 1968). It was hoped that this report would lead to the creation of a legislative platform for a more stable industrial relations environment. However, the report proved to be a disappointment to the government which had anticipated a report creating an environment for controlling the trade unions by state intervention (Morgan, 1992, p. 356). However, one important side-effect of the report was the legitimacy given to the trades union membership interest in the activities of their employers. This formal legitimacy provided much of the basis for subsequent deliberations on the relationship of employees with the employer. The Secretary of State, Barbara Castle introduced a White Paper (*In Place of Strife*) in January 1969 which incorporated a number of legal restrictions on union members, but it also contained a 'sweetener' in the paragraph 47 requirement for the disclosure of information to the employees. Within the government there was considerable opposition to the legal restrictions. This opposition was led by the trade unions supported within the government by James Callaghan. In the end the government withdrew most of the penal powers and on 18 June 1969 announced that the non-punitive parts of Donovan would be legislated in the 1969-70 parliamentary session. This was aborted as an election, held in 1970 returned a Conservative government, led by Edward Heath.

Immediately on assuming office the Heath government introduced a Bill, which became the Industrial Relations Act, 1971. Whilst this Act was strongly opposed by the trade unions, the importance of reporting requirements was retained in the provisions of the Act (sections 56 & 57). In fact the major weakness of the Act became the willingness of employers to treat collective bargaining agreements as non-legally enforceable contracts (ibid, p. 393), thus ensuring that the trade unions were not captured by the provisions of the Act. The Heath government fell in 1974, replaced by a labour government, still led by Wilson. One of their first acts was to repeal the Industrial Relations Act and replace it with the Trade Union and Labour Relations Act, 1974. Section 54 survived from the 1971 Act requiring management to

provide information to employees although it should be noted that this section was voluntary.

Through 1974 and 1975 a number of organisations gave thought to the form and function of information to be provided to employees. In 1974 the TUC published a monograph entitled 'Industrial Democracy' which outlined a requirements list covering eight areas of interest:

1. Manpower
2. Earnings of the workforce
3. Sources of Revenue
4. Costs
5. Director's Remuneration
6. Profits
7. Performance Indicators
8. Worth of the Company

The CBI issued a report 'Provision of Information to Employees' which was to prove even more comprehensive in the nature of information to be disclosed. The accountancy profession in the meantime had requested the Accounting Standards Steering Committee (ASSC) to review the foundations of financial reporting and the sub-committee duly reported in 1975, indicating that the restrictive scope of financial reporting should be lifted to incorporate a much wider set of interests. These interests included employees. The Corporate Report was received by the leaders of the accountancy profession with caution, it being stated that the report deserved considerable thought and debate, perhaps code for non-action.

Probably the most important development in British legislation at this time was the passing of the Employment Protection Act, 1975. This Act introduced the concept of legal contracts of employment and provision for due notice in the case of dismissal and/or redundancy. The Act also contained provisions for disclosure of information in Section 17 and placed a general duty on the employer to disclose to representatives all such information as:

(a) "Information without which the trade union

representatives would be, to a material extent, impeded in carrying on with him such collective bargaining.

(b) Information which it would be in accordance with good industrial relations that he should disclose to them for purposes of collective bargaining".

There were certain restrictions introduced into the Act, which proved to be terminally damaging. The normal restriction on grounds of national security was included but there was also provision for restriction on the grounds that the disclosure would cause substantial injury to the employer's business for reasons other than its effect on collective bargaining. The major test case involved Hoover. In this instance the union at the Perivale works requested data on costs and profits relating to products made at Perivale. It was thought that Hoover were intending to move production to Dijon in France on the grounds of profitability. The union lost this important test case (Case 79/507) on the grounds of substantial injury if disclosure was enforced, i.e. that the information would be seriously damaging on grounds of commercial confidentiality, thus utilising the duality of information section (Jones, 1981, p. 13). Thereafter all similar cases brought under the Employment Protection Act were decided on this precedent and the provisions of the Act ceased to have any serious implications for information disclosure.

European Community initiatives

The Commission has introduced four initiatives relating to worker rights to information, consultation and participation . These four have been the Vredeling initiative (1980/1983); the Fifth draft directive on Public Companies ((1972/1983); the European Company Statute (1970/1989) and the Social Chapter of the Maastricht Treaty (1992).

The Vredeling proposals were intended to address a major source of concern within the Community. In 1973 the EEC had issued a statement on multinational undertakings expressing deep concern caused by the hold over the economic, social and political life of countries in which the multinational operated. Firms which operated as multinational or complex organisations were able take decisions at different levels from the access points for employees. Thus employees might be provided with an incomplete information set. The objective of the EEC was to protect the rights and interests of workers within the Community and proposals were made which required the "dominant undertaking" to provide information to subsidiaries for transmission to employees. Consequently, information relating to plant closure or transfer and major organisational changes which would impact on workers should be made available throughout the group. It was decided that these proposals would be obtained by a binding instrument and it was argued that there were three principal reasons for pursuing these objectives by law:

1. The Commission had a legal basis.

2. A voluntary framework would be unworkable because it would only bind firms which would show goodwill.

3. Harmonisation was necessary to avoid differences in treatment between member states of workers affected by decisions of the same undertaking.

There was considerable opposition to the Vredeling directive, primarily from multinational companies with headquarters outside the Community. This opposition found a sympathetic ear in Britain which was anxious to increase its inward investment programme. The Vredeling proposals remained in Council, unable to obtain agreement.

The Fifth Directive on Company Law offered a menu of models for involvement of employees. ranging from representation on the supervisory board to any other system agreed by collective bargaining. After receiving comments on the proposal, the Commission issued a revised version in June 1983. The Department of Trade and Industry of the British

government circulated the proposals of the Vredeling and Fifth directive inviting comments from interested parties. However, in the preamble to the UK document the British government made its position very clear.

> "Whilst it is firmly committed to the principle of managements informing and consulting employees about matters which affect them and has consistently urged organisations to develop procedures which are appropriate to their particular circumstances, it believes that successful employee involvement depends as much on the spirit of co-operation as on the existence of formal machinery, and that it is best introduced voluntarily.
>
> It believes that the introduction of Community-wide legislation in this area would contribute nothing to the establishment of a common market in goods and services, but would increase employers' costs and damage the competitive position of industry in the Community. Legislation in this area would do nothing to meet the challenge of reducing unemployment in the Community but would be likely to disrupt existing good industrial relations practices. The effects in the UK would be particularly damaging because of the inappropriateness of such legislation to the general structure of industrial relations in this country and because of the UK's relatively high share of Community's inward investment".

After the consultation period elapsed the British government views remained as stated above, calling for no legislation to be enacted and the maintenance of a voluntary system. By the middle 1980s the Commissions proposals were stalled in Council "...not only because of British opposition but also because in pursuit of harmonization it had tended to rely on a best-practice standard" (Addison & Sierbert, op. cit., p. 605). Consequently the social charter became the instrument for social harmonisation. A first draft of a Community Charter of Fundamental Social Rights was adopted in May 1989. A modified version of the Charter was endorsed at the Strasbourg summit in December despite the opposition of the British government. At the Maastricht inter-governmental conference in 1992, the British

government secured an opt-out from the social chapter (Appendix A). The British claimed that the outcome of the negotiation was "...game, set and match" and comments were made of "you have the chapter, we will have the jobs".

The section of the social chapter dealing with the declaration on *Information, Consultation and Participation* stated:

> "Information, consultation, and participation for workers must be developed along appropriate lines, having regard to the practices in force in Member States. Procedures must be implemented in due time, particularly with respect to technological changes that have major implications for the work force; restructuring activities and mergers affecting the employment of workers; instances of collective redundance (i.e. mass layoffs); and transfrontier workers affected by employment policies pursued by the undertakings in which they are employed".
>
> The means by which this requirement is implemented in the majority of European member states is the Works Council.

The European Works Council (EWC).

The main proposal in the *Information, Consultation and Participation* section of the social charter calls for the EWC directive to be implemented under the Action Programme by September 1996. Firms with more than 1000 employees which operate in at least two member states with at least 100 in each unit are required to negotiate with a "special negotiating body". This poses a number of problems for commercial/industrial concerns. British employers with EU operations will be subject to the requirement. On the grounds of equity, in addition to the acceptance that there can be no restriction on information flows, British firms are likely to

create works councils in the UK. Equally mainland European firms operating in the UK are also likely to create works councils in their British subsidiaries. The involvement of management and employees in collective bargaining systems has been the subject of intense academic debate for many years. One particular framework for considering the relationship utilises the mandatory vs voluntary voice systems. This framework is based on the exit-voice-loyalty theory developed by Hirschman (1970) and subsequently adapted to management-union relations. Lewin and Mitchell (1993) utilised this framework in examining the uses of voice in labour relations. Works Councils are regarded as "mandated voice systems" most widely prevailing in western Europe. Lewin and Mitchell found that there was little uniformity in the operation of the works councils. Some works councils had rights to information, sometimes consultation and occasionally rights to joint decision taking. The Lewin and Mitchell analysis found that

"...there was little evidence to support the claim that collective voice in the form of works councils yields economic efficiency, and there is some evidence to the contrary. However, the evidence says little about the extent to which industrial democracy in European enterprises has been affected by works councils. If such democracy is measured in part by the scope of issues taken up by works councils or by their qualitative effects on certain areas of human resource/personnel management -for example, transfers, work assignments, dismissals and working conditions- then available evidence indicates that works councils, in particular German and Swedish councils, have had positive effects on these aspects of the employment relationship"

(ibid, p. 97).

The EWC is a much diluted form of council, by comparison with, for example, German works councils. Nevertheless, the Institute of Directors (IoD) claimed that the directive would significantly increase costs, would discourage investment by multinationals in the EU and would be likely to keep unemployment high and the IoD director, Tim Melville-Ross, was quoted as saying that the UK opt-out was insufficient to protect business from obsolete and damaging European legislation. However, to date many British companies have elected to appoint EWUs.

Summary and Prognosis

This review of the development of information disclosure for collective bargaining purposes has been undertaken quite deliberately as a historical investigation. Without a knowledge of what has happened in the past, society has no moral, social or intellectual framework within which to assess our present positions. This review was begun primarily to discover why the British government found itself in a minority of one on an issue which, fifteen years previously, had been regarded as relatively uncontentious at both political and industrial levels.

There are probably three explanations for the change of views which came about during the period between 1970 and 1992. The first is that Britain, which had operated as a corporatist state from the onset of the Second World War failed to come to terms with its declining post-war economic power. This gradually led to a questioning of the role of government and institutions within the UK and her relationships with continental Europe. Paradoxically, as the UK secured entrance to the EEC, so the corporatist framework began to be questioned. and conditions ripened so that by the late 1970s a radical shift in political and social thinking was acceptable to the electorate. This discontinuity was politically and socially seismic. Within a short period of time much of the corporatist institutional framework had evaporated and the avowed emphasis was the adoption of deregulated markets. The second explanation can be summarised under the general heading of sovereignty. The key political institution in Britain for over three centuries has been Parliament. This continuity has provided the source of both power and legitimacy which has not been the experience of most states in Europe

(Gamble, 1990, p. 339). Britain has not experienced invasion, coups or revolutions during two hundred years. Therefore the Westminster model, seen by some as the ultimate sovereign body, was at variance with the perception of an over-riding political power requiring decisions and agreements to increase the pace of European integration. This dissonance provided fertile ground for Euro-sceptic criticism on many proposals emanating from the Commission. The British people found it difficult to see themselves as European and membership of the EEC was almost conditional in the early years. The referendum of 1975 might have resolved the issue for the majority of the electorate (66.7%), but politicians and political parties found themselves crossing and recrossing the political divide on the issue of Britain's relationship with European partners and institutions throughout the 1970s and up to the 1990s. The third explanation for the differences that emerged at Maastricht is the pragmatic and voluntary aspect of public policy development. This compares with a more legalistic acceptance of many European countries. Again it probably owes a great deal to the historical developments of national institutional arrangements and constitutions.

As Europe engages in the review of the Maastricht treaty it is necessary for peoples and politicians to assess the need for one member state to be at arms length on a major theme in Social Policy affecting European integration. It is clear that EWCs will come into existence for many companies operating within the UK, for reasons outlined earlier. The opt-out therefore assumes the attributes of a political mantra; increasingly meaningless, of limited attraction and a source of political annoyance to Britain's partners. The UK must hold a general election by 1997. The Labour party has stated that it will sign the social chapter if it assumes office. European politicians have begun to warn the existing government that final resolution of the Maastricht review might be delayed until after the UK general election, a clearly signalled message that a continuance of the opt-out is not regarded with favour. It may be that further moves forward in European integration in the field of social policy are in the hands of the British electorate.

Appendix A.

COMMUNITY CHARTER FOR FUNDAMENTAL SOCIAL RIGHTS

THE SOCIAL CHAPTER

SETS OUT 12 FUNDAMENTAL SOCIAL RIGHTS CONCERNING:

1. LIVING & WORKING CONDITIONS
2. HEALTH PROTECTION & SAFETY AT WORK
3. PROTECTION OF CHILDREN & ADOLESCENTS
4. DECENT STANDARDS FOR ELDERLY
5. TRAINING & REHABILITATION FOR DISABLED
6. FREEDOM OF MOVEMENT
7. FREEDOM TO WORK FAIRLY REMUNERATED
8. RIGHT TO SOCIAL PROTECTION
9. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING
10. RIGHT TO VOCATIONAL TRAINING
11. RIGHT TO SEXUAL EQUAL TREATMENT
12. RIGHT TO INFORMATION, CONSULTATION AND PARTICIPATION OF WORKERS

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