



## The Impossible Transition from “Absolute Monarchy” toward Industrial Democracy in France: The Experience of Workers’ Representatives at Schneider, 1899–1936

Mathieu Floquet and Patrice Laroche

Following strikes in the Schneider factories in Le Creusot in 1899, management was forced to satisfy union demands and set up a representative personnel authority, namely, workers’ representatives, who would be allowed to resolve conflicts and transmit demands to management. However, the role of the workers’ representatives was hijacked by management and rapidly diverted from its objective, leading to the suffocation of unionization at birth. This study seeks to show how the initial establishment of worker participation resulted in weaker unionization overall.

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At Le Creusot, as in other places, the time of absolute monarchy has passed.

—Alexandre Millerand, French Minister of Commerce, Industry, Posts, and Telegraphs, 1899

Millerand’s statement gives an idea of the enormous enthusiasm that marked the creation of workers’ representatives at the very heart of the Schneider and Co. enterprise. The company was emerging from a difficult year of disputes; the most recent strike, during September-October 1899, had required the intervention of the prime minister (president of the Council), Pierre Waldeck-Rousseau, who had ratified union demands to institute workers’ representatives, whose mission would be to transmit the

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This research draws on documentation available in the Académie François Bourdon (AFB) and departmental archives of Saône et Loire (ADSL), France.

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motives and complaints of workers to the heads of working groups. By the end of the year, 232 representatives had been elected in each union shop floor to represent the 14,000-strong workforce.

However, the strikers' hopes for this effort were never realized; instead, the establishment of workers' representatives led to the disappearance of the nascent unionization at Le Creusot. An admission of weakness by Eugène II Schneider allowed workers' representatives to ensure 30 years of freedom from organizational disputes.<sup>1</sup> By 1936, Le Creusot was the only French industrial site not to have experienced any work stoppages; in fact, during his 44-year reign over Schneider enterprises (1898–1942), Eugène II suffered only one major dispute at Creusot—the one in 1899.

This situation reflects the systematic anti-union policy adopted by the “house” union, which engaged in the defense of the company's interests and staged a lockout in July 1900.<sup>2</sup> Workers' representatives helped reinforce this strategy. If they fought, at the first moment of their institution, to convey workers' complaints up the hierarchy (that is, to the first stage of management), the representatives ultimately found themselves being used by their employers against the union that had called for their existence. But how exactly did the creation of workers' representatives support the conversion of shop floors and eventually lead to the eviction of unions from Le Creusot?

Theoretically, this consideration of human resource practices by management represents the moment that initiated the evolution of industrial relations in France. If the economic, political, and technological environment can explain relations between the disputants, we need to reconsider the strategic role managers.<sup>3</sup> Can we explain the experience of the Schneider workers' representatives during the period 1899–1936 using industrial relations theory, without the risk of embracing an anachronism?

The analysis of this experience can give a better understanding of the French context. Unlike the other European democracies, which had workers' representatives by the end of World War I, France did not manage to generalize this form of workplace representation until 1936. We cannot rule out the notion that the recognition of workers' representatives at Schneider et Cie weakened the general union movement on this issue.

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<sup>1</sup> So named by historians, to distinguish Charles Prosper Eugène Schneider from his grandfather and founder of the company, Joseph Eugène, who is known as Eugène I.

<sup>2</sup> Marcel Massard, “Syndicalisme et milieu social (1900–1940),” *Le Mouvement social* 99 (1977): 23–38.

<sup>3</sup> John T. Dunlop, *Industrial Relations Systems* (New York, 1958); Thomas A. Kochan, Harry C. Katz, and Nancy R. Mower, *Worker Participation and American Unions: Threat or Opportunity?* (Working Paper, Alfred P. Sloan School of Management, MIT, 1984).

Our research is based on a singular case and historical facts, but it goes beyond this to reconstruct and interpret those facts using the yardstick of theory.<sup>4</sup>

Our data collection respects the principles of triangulation inherent to case study research. We gathered multiple sources. Such efforts are typical of the work of historians, who are preoccupied with confirming information. The “trails” that define the description of this case came from the Académie François Bourdon, keeper of the archives of Schneider et Cie (AFB, Le Creusot), and the departmental archives of Saône et Loire (ADSL, Mâcon). These resources include reports and correspondence among managers, news articles, accounts of workers' representatives, commentary by shop stewards and ordinary workers, managerial communication (especially from Eugène II Schneider), union or professional tracts, minutes of meetings, and outcomes of elections. Useful accounts from outside observers complement this information, including police reports and commentary from informants working for the Prefect of Saône et Loire. Classic academic resources (for example, theses, memoirs, review articles) complete the data collection.

After presenting the case we investigated, we show the evolution of the role of workers' representatives. In the discussion section, we set out to demonstrate that the system of management participation, put in place in the Schneider enterprise, ultimately led to the weakening of the union movement within the company. Our case study reveals the strategic decisions made to derail the union system in Le Creusot, which modified industrial relations through the use of workers' representatives.

### **Schneider et Cie: From the Early Days in Le Creusot to Armaments Dealing**

In 1836, the brothers Eugène and Adolphe Schneider arrived in Le Creusot and started Schneider et Cie. The company initially specialized in the extraction of iron and carbon minerals, but quickly diversified. It enjoyed success with the construction of the first French locomotive and the invention of the “Creusot steam hammer,” then continued to diversify into armaments, highways, and even electricity. Ultimately, its markets featured virtually any form of exploitation of steel applications.<sup>5</sup> When Henri Schneider, son of Eugène I, died in 1898, the “king” of the company took over: Eugène II, sole director until his death in 1942. By 1900, Schneider et Cie was already one of the largest companies in France, with approximately 14,000 employees.<sup>6</sup> The start of the century also was a

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<sup>4</sup> Marc-Daniel Seiffert and Eric Godelier, “Histoire et gestion: vingt ans après,” *Revue française de gestion* 34 (2008): 17–30.

<sup>5</sup> Karine Fabre, “L'influence de l'évolution des modes de financement des entreprises sur le modèle comptable français (1890-1939)—Les cas Schneider et L'Air Liquide” (Ph.D. diss., Université Paris Dauphine, 2008).

<sup>6</sup> Massard, “Syndicalisme et milieu social (1900–1940).”

euphoric period for the metallurgical industry. Order books were full, yet French industry still could not deliver enough locomotives to railroad companies, which were forced to order them from Austria or the United States instead.<sup>7</sup>

But during May 1899, a series of strikes broke out over demands for the creation of a union of metallurgical and related workers at Le Creusot and its subsidiary sites. The initiative attracted 6,000 union subscriptions.<sup>8</sup> A second series of strikes was organized at the beginning of September 1899, when more than 7,000 workers demonstrated. When negotiations failed, the workers threatened to march on Paris. The government could not ignore the implications, or hope to avoid any spread of the union movement; Dreyfus partisans were already planning to participate in the march. The prime minister, Waldeck-Rousseau, thus demanded negotiations with factory management.<sup>9</sup>

### **Workers' Representatives: "30 years of industrial peace" and the Union Rupture**

The creation of workers' representatives at Schneider was quickly challenged by the factories' management, though their origin today appears somewhat debatable: Was it a response to workers' demands, the ministerial injunction, or a professional initiative? The role played by the different parties in defining the mission of the representatives and the regulations defining their roles must be considered a decisive element of the evolution of the situation. The place accorded to the representatives within the management scheme of the factories suggests some reasons why the Le Creusot initiative did not lead to the emergence of democratic industrialists, as had been envisioned when workers' representatives were created.

#### *A Questionable Origin: Workers' Demands or a Director's Visionary Decision?*

On September 27, 1899, seven days after the start of the conflict, the strike committee put together a series of five demands for Eugène II; the fourth of these was the origin of workers' representatives: "In order to avoid the causes of conflict, we have the power to present collective demands and complaints, either to you or to your representatives, in a monthly meeting (excepting urgent cases)."<sup>10</sup> Schneider's response demonstrates his initial hostility to the suggestion: "All my workers know that they can always present their complaints, either to their manager or to me myself, whenever necessary, not just once a month. I have repeated this often

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<sup>7</sup> René Parize, "Les militants ouvriers au Creusot pendant les grèves de 1899-1900," *Le Mouvement social* 99 (1977): 97-108.

<sup>8</sup> Massard, "Syndicalisme et milieu social (1900-1940)."

<sup>9</sup> Parize, "Les militants ouvriers au Creusot pendant les grèves de 1899-1900."

<sup>10</sup> M 3287, Archives Départementales de Saône-et-Loire, Mâcon, France [hereafter, ADSL].

enough.”<sup>11</sup> To end the conflict, Waldeck-Rousseau intervened and simply ratified the strike committee's demand:

Considering that in the course of the actual strike, the committee asked, in a letter dated 26 September, that in order to avert conflict the workers would be able to make their complaints known either to their managers or to their representatives in a monthly meeting (excepting an urgent case);

Considering that, according to the verbal explanations provided, this includes the nomination of representatives by the working groups, at the rate of one representative per group.<sup>12</sup>

However, if we are to believe Eugène II, the institution of workers' representatives was actually his idea, as he claimed in a 1930 article in *Revue des Deux Mondes*. He wrote:

In factories with a large work force, it is materially impossible to maintain personnel relations between the industry head and the workers. The worker is divided from his managers by the hierarchy that the work organization imposes; nevertheless, he must feel protected against injustice and arbitrary power. For this one has to find a way to support a spirit of collaboration, to give workers regular means to make their complaints known, irrespective of context.

Toward the end of the last century, I was preoccupied with this serious question; not wanting to resolve it through makeshift means or temporary expedients, I have made the study a continuing business project.<sup>13</sup>

Thirty years after the strikes, the institution of workers' representatives thus passed from being a response to workers' demands to being a model of good management, promoted by a visionary director. This ambiguity increased in 1900, when Minister of Commerce Alexander Millerand spoke at the opening of the Schneider et Cie pavilion at the 1900 World's Fair and attributed the institution to the Prime Minister, Pierre Waldeck-Rousseau, as well as to Eugène II: “Above all, we must praise M. Schneider for having famously followed the directive of the President of the Council and made a place for workers' representatives in his factories.”<sup>14</sup>

The historical facts show that the demand effectively emanated from the union, but Waldeck-Rousseau's intervention ratified it, and putting it into practice was the responsibility of factory management. In the period after arbitration, management also sought to exercise its control over the representatives by expanding regulations and encouraging an alliance between managers and the 152 provisional representatives elected on

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<sup>11</sup> M3287, ADSL.

<sup>12</sup> SS0204, Académie François Bourdon [hereafter, AFB].

<sup>13</sup> Eugène Schneider, “Les relations entre Patrons et Ouvriers: Les Délégués de Corporation,” *Revue des Dieux Mondes* (Nov.-Dec. 1930): 372-88, quote at 372, SS0042-05, AFB.

<sup>14</sup> FX0082-04, AFB.

November 18, 1899. A report by railroad police to the prefect indicates that on December 8, 1899, management was not inclined to discussion:

He [the secretary of the union of metallurgical workers] claims that the factory meets the obligations contained in the arbitration with the worst possible grace. . . . [Certain demands of the provisional representatives constitute veritable barriers] notably those that concern the age of the voters, [and] the obligation of the factory representative to receive all the representatives from the same service, making the same complaint, in one group. . . .<sup>15</sup>

Just three days later, according to the same report, management even announced it would ignore the provisional representatives and follow only the rules it chose:

Factory management is changing its attitude toward the provisional representatives. It has decided it will no longer listen to them as it had first indicated; and M. Laprêt [head of personnel] declared that the definitive rule would be posted in the workshops on the days that it contained a proportion of the modifications made by the provisional representatives but that it (the rule) would not include any that the factory judged unacceptable.<sup>16</sup>

Management's takeover of the workers' representatives did not take long; a careful rereading of this event shows Eugène II's desire to control the institution. Creusot's factories offered an ideal setting for translating Waldeck-Rousseau's injunctions from a constraint on business into a tool for personnel management. Management had to respect the arbiter's decision, because it was controlled by political power, as evidenced by the police reports to the prefects (an average of one every four days during November and December 1899). Thus management was well aware that it remained under surveillance, which may explain the speed with which it allowed elections. However, when faced with actual demands from the elected representatives, the head of personnel simply broke off their dialogue.

These two points of divergence are more than anecdotal. For example, by limiting the voting age, management recognized the predominant demographic characteristics of unions, in that younger workers are the most unionized. Thus, by limiting young people's participation in elections, management limited the number of union representatives needed. Yet management could not simply refuse to accept the workers' representatives as a collective, because the demand for them was clearly expressed, as the police reports witness with great precision. However, when management broke off dialogue, the workers' representatives and the union overall were simply too weak to protest effectively. Workers had just been through a year of unrest (the strikes in May–June and September–October 1899), and Le Creusot seemed to want to find some

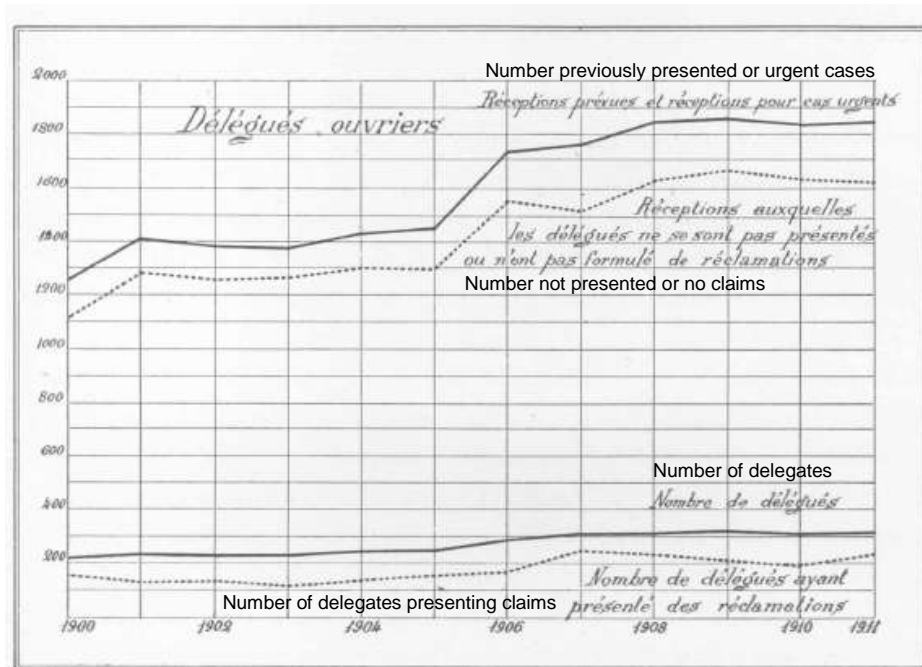
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<sup>15</sup> M3287, ADSL.

<sup>16</sup> M3287, ADSL.

kind of working peace. It was difficult to motivate workers to protest over an issue that seemingly did not affect their daily lives. At the same time, employers undertook a new battle by creating a counter-union. In combination, these events can explain the weak response of the workers' representatives and the union to the redaction of the rule. This managerial reclamation of the company and institution was decisive for its continued existence.

Figure 1 Internal Document: Evolution of Workers' Representatives, Reception, and Complaints



Source: 658.315 LES, AFB.

Why, in this situation, did union and workers not react? There are two possible explanations.

First, this claim was not the key issue of this industrial conflict. Indeed, the strike was initially the result of a conflict between three workers and their supervisor. These workers brought wine into the factory, insulted their supervisor, and consequently were suspended by their hierarchy. By solidarity, the strike spread over the factory on September 20, 1899. A notice shows the first claim concerning wages on September 21. Six days later, the workers claimed the creation of workers' representatives, but it was only the fourth of five claims. And claims about wages were finally accepted under Waldeck-Rousseau's pressure.

Second, workers might have wanted to improve the social climate within the workplace. Since the arrival of Eugène and Adolph Schneider at Le Creusot in 1836, only one strike had been recorded. The balance of

power between workers and employer was achieved thanks to a paternalistic policy of Schneider at the opposite of a conflicted relationship between employees and employer.<sup>17</sup>

*Workers' Representatives: Between Democracy and Concurrence with Unionism*

Jacques Le Goff highlights the paradox of the 1850s: "It's exactly the hour when republican ideology became consistent with the working society through the democratic values that business instituted in an absolute monarchy."<sup>18</sup> The breach opened by Schneider and the experience of the workers' representatives offers a prime example of how an original solution allowed the entry of republican ideas into business. In 1900, Millerand expressed it thus:

Gentlemen, I've been talking about dynasty, and if I may continue the metaphor, at Le Creusot, as in other places, the time of absolute monarchy has passed. More than ever discipline is indispensable to the regular, normal functioning of large organizations like our modern factories; even benevolent authority is not enough to maintain it: it requires a mutual effort.<sup>19</sup>

In line with these goals, a 1912 Schneider pamphlet described the workers' representatives as an institution that respected the principles of justice and equity:

The sincere desire for fairness is the only solid basis for establishing good, lasting relations between an owner and his collaborators. The founders of Le Creusot care profoundly about justice: their numerous actions in this regard are the surest proof of that. This tradition is still very much alive, and a more recent institution, deemed necessary by the Schneider Companies, has already proved its efficacy in maintaining it: we refer to the workers' representatives.

The representative has a double mission: on the one hand, a mission relative to improving the lot of his comrades; on the other, a mission of pacification and conciliation: that role is both delicate and important. . . . It makes the managers involved in the improvement process aware that the worker often perceives him as better than others; and that the manager is equally implicated in any errors or injustices committed.<sup>20</sup>

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<sup>17</sup> Donald Reid, "Industrial Paternalism: Discourse and Practice in Nineteenth-Century French Mining and Metallurgy," *Comparative Studies in Society and History* 27 (Oct. 1985): 579-607; Donald Reid, "In the Name of the Father: A Language of Labour Relations in Nineteenth-Century France," *History Workshop Journal* 38 (Autumn 1994): 1-22.

<sup>18</sup> Jacques Le Goff, *Du silence à la parole: une histoire du droit du travail: des années 1830 à nos jours* (Rennes, 2004), 51.

<sup>19</sup> FX0082-04, AFB.

<sup>20</sup> 658.315 LES, AFB.



But Eugène II, talking to shareholders about workers' representatives, needed no arguments about equity or industrial democracy to justify their existence. Instead, in an address at the end of the annual general meeting, it appeared that "Mr. Schneider unofficially supported the strikers who broke out at Le Creusot this year in May and September."<sup>21</sup>

The union no longer has the right to impose itself on the owner, a right that it has esteemed incontestable up until now, but no longer shows any sign of life. Because union members no longer perceive the union as the usual, normal, or obligatory channel for complaints, it no longer receives them. It is nothing more than a political and socialist organization.

The union is officially replaced by 160 workers' representatives, elected by each of the Le Creusot and Milne factories corporations last November 18.

Since then, individual dealings with our workers have become numerous and constant and, I might add, much easier and more courteous than they were between the two strikes.<sup>22</sup>

Yet at the prompting of business directors, an alternative "yellow" union (a company union) also developed, in opposition to the "red" union, the Confédération Générale du Travail (CGT).<sup>23</sup> The workers' representatives and this second union became tools to prevent strikes. Thus Eugène II could proclaim to the general assembly of shareholders in November 1899: "The workers' representatives on one side, the Union of Corporate Workers of Le Creusot and its dependents on the other! Here are two institutions that give me hope for better times!"<sup>24</sup> C. Mangematin, the founder of the yellow union designed to manage Schneider businesses, clearly expressed the link between the workers' representatives and the weakening of the red union in 1914: "Union 2, whose contribution largely helped to save the situation during the strikes, is starting to fade away . . . and it appears to me that the idea of the organization of workers' representatives was devised to prevent the disappearance of this force."<sup>25</sup>

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<sup>21</sup> 187AQ012-03, AFB.

<sup>22</sup> SS0199 and 01G0876-04, AFB.

<sup>23</sup> Several origins of the term 'yellow' have been suggested. The first, credited to Pierre Biétry, director of the French National Federation of Yellow Unions, refers to the color of the paper with which "yellows" replaced windows broken by "red" unions in the town hall of Montceau-les-Mines so they could hold a meeting. Another explanation relates to decorations that non-strikers wore in their buttonholes. A further theory proposes a link to the eggs thrown at the windows of the local yellows. Tournier proposed to study the connotation of the "fantasy" associated with the color yellow at the end of the nineteenth century. See Maurice Tournier, "Les jaunes: un mot-fantasme à la fin du 19e siècle," *Mots* 8 (March 1984): 125-46.

<sup>24</sup> SS0199, AFB.

<sup>25</sup> 01G0906-02, AFB.

The eradication of unionism at Le Creusot spurred on Eugène II to institutionalize workers' representatives within another group that was experiencing its own industrial unrest. In May 1914, the management of the Droitaumont mine officially informed management representatives of the Schneider businesses' mines and coalfields of the risks of establishing a union in their mines. Instead, Schneider put workers' representatives into Droitaumont in July 1914.<sup>26</sup>

The Ironworks Committee, after being criticized locally in connection with a particular inquiry, informs us of the following facts: the plotting was actually conducted by certain individuals in the pay of CGT, principally Italian workers in the work force. An early meeting held at Homécourt was attended by about 200 workers. Merrheim from CGT is expected in the region next month.

We hereby give notice that we are proceeding with the creation of the organization of workers' representatives.<sup>27</sup>

We note the distance between the management discourse focusing on equity and justice and the reality faced by the workers' representatives. The institution actually served as a means for bypassing and dismantling the union. Union activity at the Le Creusot factories ceased after 1899, and Schneider experienced no more work conflicts.<sup>28</sup>

#### *Workers' Representatives: Between Ignorance and Complicity*

The workers' representatives were elected with a one-year mandate, by secret ballot among the corporate bodies, which varied between two hundred and four hundred members, with correspondingly varying numbers of representatives.

According to Eugène II, in his *Revue des Deux Mondes* essay, thirty years after putting workers' representatives in place, he regarded the outcome of the elections as very positive. Workers' participation in the election was high, and industrial democracy played its role perfectly:

Since 1899, when this institution was created, there have been regular, peaceful elections, with no incidents or disturbances of factory activities. . . .

The workers are involved in these elections. The proportion of voters during the last ten years has varied between 70% and 80% of the work force. The highest numbers have been noted over the last four years.<sup>29</sup>

However, accounts of the elections written by department heads give a different view. For example, a department head wrote to the Worker

<sup>26</sup> The Droitaumont mine in Meurthe et Moselle became a Schneider concession in 1887.

<sup>27</sup> O1G0876-04, AFB.

<sup>28</sup> Massard, "Syndicalisme et milieu social (1900–1940)."

<sup>29</sup> Schneider, "Les relations entre Patrons et Ouvriers," 378-79, SS0042-05, AFB.

Personnel Department in 1924: “The voting took place without incident and, as in previous years, there was considerable indifference on the part of the electors.”<sup>30</sup>

Similarly, in the 1926 Le Creusot Houillères coalmines report:

This year the mineworkers of Houillères have shown no interest in the election of their representatives. No candidate has put himself forward and we have had to co-opt some workers for the formation of bureaus—the very few men who voted. We believe that our workers are behaving like this in obedience to an order that aims to discredit the institution of the representatives. They certainly want to form a union, and if they don't do it, it will be partly because of their inertia, and partly because their homes are so scattered, which makes it difficult to hold meetings.<sup>31</sup>

From 1927, management of the Le Creusot factory demanded that department heads resuscitate workers' interest:

The elections of the representatives have been marked over the last few years by a large number of abstentions among the voters, and little eagerness on the part of the workers to accept the role. It is important, in view of the next elections currently set for the 26th, that every effort should be made to combat workers' lack of interest. To that end, it will be advisable to get all the agents in direct contact with the workers (especially the agents in charge) to use their influence to convince the latter of the importance of the representatives charged with representing them in their relations with department heads.<sup>32</sup>

The rate of participation in elections seemed high according to the *Revue des Deux Mondes*—between 70 and 80 percent—because of the “white vote” phenomenon. Recorded votes actually included only about 50 to 60 percent of workers (see Fig. 2).

The lack of worker interest is equally manifested in the resignations that followed the announcement of the results. Election outcomes did not actually reflect whether the representative should have been a candidate. A list of voters and those eligible for office has no mention of any filing of candidacy; each new election also corresponded to resignations. For example, in 1929, four workers' representatives resigned for various reasons: “Finds himself too new to the corporation; considers that the representatives are not qualified to represent professionals; declares that the post doesn't amount to anything; personal reasons, says that he prefers a quiet life.”<sup>33</sup>

Yet handwritten notes from the Worker Personnel Department suggest that, conversely, workers faced external demands to retract their decisions. As well as its interest in workers' participation in voting,

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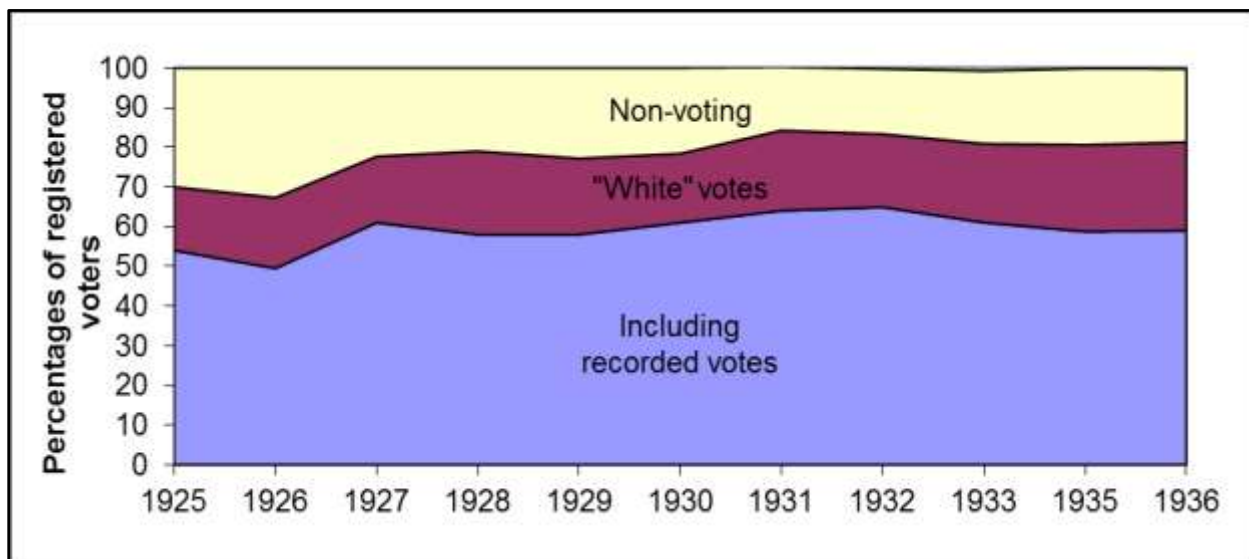
<sup>30</sup> SS0943-01, AFB.

<sup>31</sup> SS0943-01, AFB.

<sup>32</sup> SS0941-01, AFB.

<sup>33</sup> SS940, AFB.

Figure 2 Evolution of Results: Elections of Workers' Representatives



Source: SS0941-01, AFB.

management was just as concerned about the outcomes and the quality of the elected workers' representatives. Consider, for example, one note addressed to Eugène II in 1906, informing him of the election results: "Monchanin mines: we are very pleased with the latest elections of workers' representatives. Once again a good state of affairs."<sup>34</sup>

Workers' representatives were also systematically classified within Schneider businesses: "A: Bad, B: Mediocre, C: Good, D: Very good, CO: Head worker" (see Fig. 3).<sup>35</sup> When the departments reported voting results, they routinely identified the classification of the workers' representatives as well. These facts were collected by the Worker Personnel Department, which forwarded them in a note to management: "Classification of representatives: slightly inferior to those of 1934 for the confirmed representatives as well as for the provisional. Distribution of votes by classification: a slightly higher proportion of votes obtained by categories A and B than in 1934."<sup>36</sup>

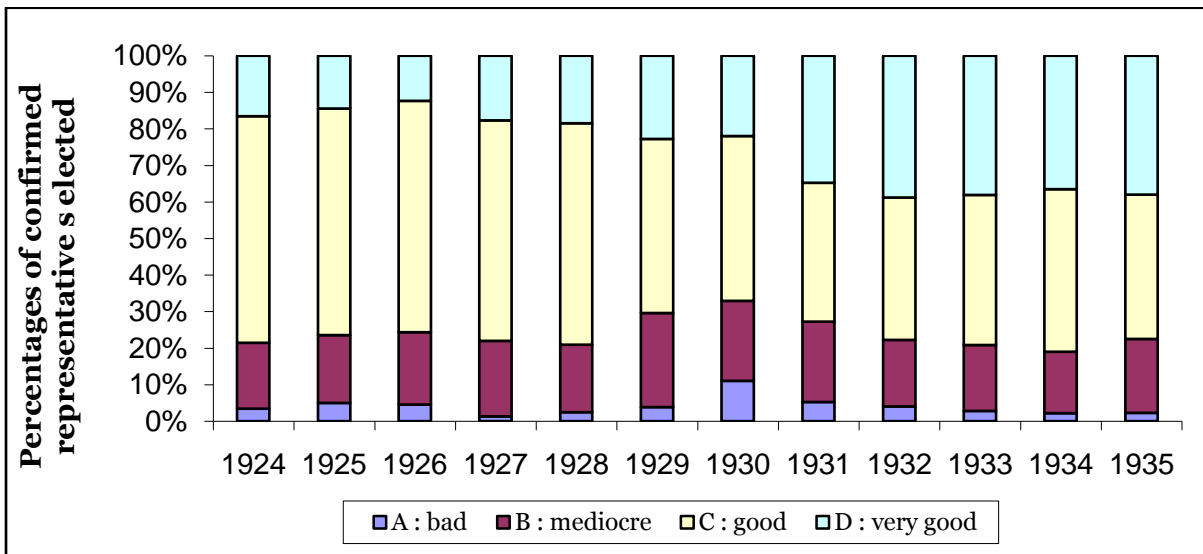
The election results demonstrate the workers' lack of enthusiasm about the authority of the workers' representatives. They were apparently distrustful of the limited role they played. The statutes had actually been written with some foresight: the representatives could represent only their own divisions. The statutes eliminated specific rules reducing the power of

<sup>34</sup> SS0760, AFB.

<sup>35</sup> SS0828, AFB.

<sup>36</sup> SS0944-03, AFB.

Figure 3 Classification of Confirmed Representatives by Category



Source: SS0941-01, SS0942-02, SS0944-01, SS0944-02, SS0944-03.

workers' representatives, yet representatives always met separately with management. In effect, management was able to argue that the problems presented by an individual workers' representative would pertain only to his shop floor, and would not be of any interest to workers in other shop floors:

If one were to examine simultaneously the very diverse, very disparate complaints that the representatives of many divisions could present, one would distort the mechanism, whose goal is primarily to imprint on the complaints a precise, positive, and practical character and keep the conversation on essentially professional grounds.<sup>37</sup>

This rule allowed the company to avoid the formation of any collective bargaining power. The deal made at the Hôtel de Ville shows that Le Creusot's management had no wish to infringe this principle. Yet in 1922, a workers' representative named Guinot announced a collective meeting of representatives in the press:

A meeting of all the workers' and provisional workers' representatives of the Schneider divisions will take place in the Le Creusot room in the Hôtel de Ville, Sunday, 26 March, at nine o'clock in the morning. We encourage all comrade representatives to be there in number at this meeting [which will be] of great interest to all workers. On behalf of the workers, we particularly

<sup>37</sup> Eugène Schneider in "Revue de Deux Mondes," SS0042-05, AFB.

urge their representatives to answer our call. On behalf of the representatives and by order of Guinot.<sup>38</sup>

The apparent goal of the meeting was to present a collective demand for a cost of living allowance, which was ultimately suppressed by rumors propagated throughout Schneider businesses. Management also tried to prevent the meeting, demanding that each department meet its representatives individually and remind them of the institutional regulations for workers' representatives. The head of the Auxiliary Department wrote in a report to management:

Friday, 24 March—Following the instructions of the PO, we have met individually with the department representatives and we have drawn their attention to the following points: . . . The role of each representative is purely divisional; there is no mechanism by which they can group together with a view to presenting a collective demand; in any case it would not be welcome, nor is it within the rights of the institution of representatives; moreover the group does not have a professional character and is not legal. This fact is borne out by the doubts expressed by some representatives about attending a meeting. By doing so, they would expose themselves to sanctions.<sup>39</sup>

Guinot's manager reminded him of the regulations, which was apparently enough for the representative who had called the meeting to comply and cancel it: "After discussions with factory management, the signatory of the notice has indicated that it should be considered null and void; the projected meeting, which would serve no purpose, will not now take place."<sup>40</sup> However, approximately sixty representatives attended, prompting the department heads to issue reminders to representatives about the extent of their prerogative. Layoffs may have been announced, although union and management sources diverge on this point.

More than just a simple regulatory detail that defined the role of workers' representatives, the prevention of collective bargaining is a key characteristic of the authority created by the Schneider businesses, as well as a critical element of the success of the process. For example, the head of social services at Valenciennes Silk wrote to Eugène II in 1930:

My predecessor had organized something that came close but following several setbacks we have had to abandon that idea. To tell the truth, there were some reservations that the process would amount to electioneering. That is, if *all* the representatives were convened they would be more concerned about demonstrating their eloquence than securing improved conditions for their fellow workers. The procedure that you've employed is certainly the better.<sup>41</sup>

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<sup>38</sup> SS0827-02, AFB.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> The emphasis appears in the original text (SS0855, AFB).

Deprived of collective bargaining, workers' representatives seemed to redirect their missions to "complaints" (not demands) tied to the planning/development of shop floors (60 percent). Wage complaints (25 percent) are particularly frequent in the metallurgical departments, where the numerous and complex salary scales are set by the team. Finally, some complaints focused on tools and work organization (15 percent).<sup>42</sup>

A note to Eugène II in 1906 makes the purpose of the representatives clear: "Haut Fournaux—In using workers' representatives, one can modify the shipping labor organization and apply a premium rate that will result in augmenting the yield per worker and also increase the daily salary, all the while reducing the cost of losing iron."<sup>43</sup> The workers' representatives played the role that management had assigned them, without ever entering into a truly economic or industrial democracy. This field was the province of the unions, but the workers' representatives turned out to be powerful factors determining the ultimate fate of the unions. Strikes disappeared at Le Creusot, as did union activism. The union, such as it was, existed only at the will of the management and was no longer visibly active, even if meetings were held each month and elections ran every year. Yet management was interested in retaining it, as notes to Eugène II in 1906 and 1907 reveal:

We are always too ready to let the institution collapse. We would regret it if a period of disturbance occurred.

During this period of absolute stability, certain departments tend not to use the representatives. There are, however, serious reasons for not letting the institution collapse.<sup>44</sup>

### **Discussion: Workers' Representatives—At the Heart of a Strategic Choice**

Recognition of workers' representatives came about as a consequence of the political choice enacted in Waldeck-Rousseau's arbitration. This change in industrial relations is related to a change in the environment, as suggested by John T. Dunlop. Dunlop proposed the first systematic analysis that aimed to describe the configurations of relations among workers, employers, and trade unions at shop floor, firm, branch, and national levels.<sup>45</sup> The goal of the system would be to produce indispensable regulations to ensure the smooth running of the organization. Dunlop distinguishes two categories: content rules, which define work norms (pay, mobility, licensure); and procedural rules, which establish the procedures that support the development of content rules. These rules are shaped by

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<sup>42</sup> Taken from Eugène Schneider's article, "*Revue de Deux Mondes*."

<sup>43</sup> SS0760, AFB.

<sup>44</sup> Ibid.

<sup>45</sup> Dunlop, *Industrial Relations Systems*.

legislative, technological, and economic environments that supervise the actions of different workers, employers, and trade unions.

Thus an industrial relations system comprises workers, an environment, and an ideology.<sup>46</sup> Dunlop lists three categories of workers: employees and the unions that represent them, the firm's management and their organizations, and state authorities that intervene in the field. These three actors are always present, but their role and importance vary according to the industrial relations. For example, the role of the state in particular varies across nations.

Having defined the system, the next step is to put it in play. Dunlop assumes employees will behave according to the framework of their specific environment, which will limit their autonomy. The environmental characteristics of the industrial relations systems will be determined by society and its subsystems, which will be decisive for determining the rules within the industrial relations system. Dunlop further distinguishes three contexts: technological, which strongly influences working conditions; economic and financial, which determine what constitutes "enough to get by"; and political, which defines the distribution of power among the working groups. Finally, industrial relations must be allowed to ensure coherence. The framework defines an ideology as a collection of ideas or beliefs—generally accepted by the participants—that integrates the system as part of the whole. The ideology thus defines the role and the place of each participant, so the ideas of each protagonist take their place and function together with the others in the system.

For Dunlop, change always comes from outside the system, so the system never integrates its own dynamic. Rather, it remains static and unchanging, regardless of participants' objectives.

The change in industrial relations in Schneider et Cie was, as Dunlop suggests, the result of a change in the environment. From a political point of view, the end of the nineteenth century was marked by the creation of the CGT, and a new socialist Minister of Commerce, Alexandre Millerand, who wanted recognition for workers' representatives in the workplace.<sup>47</sup> At the same time, the economic environment was characterized by high industrial activity, leading to a shortage of workers.<sup>48</sup> This particular legal and economic context can explain the changes in the industrial relations rules at Schneider. The institution of workers' representatives illustrates changes in procedural rules on the one hand and content rules on the other. However, the management reaction cannot be interpreted by Dunlop's analytical framework, which is static by nature.

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<sup>46</sup> Edmund Heery, "System and Change in Industrial Relations Analysis," in *The Sage Handbook of Industrial Relations*, ed. Paul Blyton et al. (London, 2008), 69-91.

<sup>47</sup> Le Goff, *Du silence à la parole*.

<sup>48</sup> Gérard Noiriel, *Les ouvriers dans la société française XIXe-XXe siècle* (Paris, 1986).



To add an internal dynamic to the system, Thomas Kochan, Harry Katz, and Nancy Mower introduce a strategic dimension pertaining to participants' choices.<sup>49</sup> Changes to both individual and organizational strategies will induce changes in industrial relations—just as the evolution of the different institutional arrangements (for example, jurisdictional, economic, and social order) can alter the very basis of an industrial relations system.

Kochan, Katz, and Mower show that existing theoretical structures cannot explain the changes that took place in human resource management in the 1980s in the United States. New work organizations, new human resource practices, and modifications to the configurations of industrial relations cannot be understood simply in the context of Dunlop's systemic analysis of industrial relations.<sup>50</sup> Instead, Kochan and colleagues suggest using strategic choices to introduce "management" into industrial relations. That is, industrial relations no longer balance legal, economic, social, and political constraints but rather become a system constructed intentionally by a director. Human resource strategies could be determined by the goal of avoiding unionization.<sup>51</sup>

Kochan and colleagues also define two conditions for the emergence of strategic choices: when directors have decision-making discretion, and when strategic decisions will alter a participant's role or relations with other participants in the system.<sup>52</sup> Their analysis of industrial relations reflects the methodological and conceptual contributions of the American system. John Commons—the veritable father of American industrial relations—regards the union not as an economic agent that accepts the rules of the game and acts to maximize the interests of its members, but rather as an economic-political institution that hopes to transform the logic and organization of the economy to defend and protect the interests and the rights of the workers.<sup>53</sup> Commons thus sees unions as the "institution of negotiation" (or bargaining institution), whose function is to regulate wage relationships. The interaction of different participants thus drives industrial relations, according to Kochan and colleagues.<sup>54</sup>

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<sup>49</sup> Kochan, Katz, and Mower, "Worker Participation and American Unions."

<sup>50</sup> Dunlop, *Industrial Relations Systems*.

<sup>51</sup> Thomas A. Kochan, Robert B. McKersie, and John Chalykoff, "The Effects of Corporate Strategy and Workplace Innovations on Union Representation," *Industrial and Labor Relations Review* 39 (July 1986): 487-501.

<sup>52</sup> Thomas A. Kochan, Robert B. McKersie, and Peter Cappelli, "Strategic Choice and Industrial Relations Theory," *Industrial Relations: A Journal of Economy and Society* 23 (Jan. 1984): 16-39.

<sup>53</sup> John R. Commons, *The Economics of Collective Action*, 2d ed. (1950; Madison, Wisc., 1970).

<sup>54</sup> Kochan, McKersie, and Cappelli. "Strategic Choice and Industrial Relations Theory."

By taking back the institution, Schneider's management characterized its desire to increase its discretionary space—precisely the conditions that mark the emergence of strategic choices in industrial relations.<sup>55</sup> Management may have been ousted by the arbiter's decision to create workers' representatives, but it did not wait long to regain control. In accordance with the arbiter's decision, management had to consider the wishes of the workers and establish regulations that would satisfy both parties. This clause was exactly, in Kochan and colleagues' terms, an environmental constraint that left little room for strategic decisions. In excluding provisional workers' representatives from the draft of the regulations and treating the decision with some disdain, management ensured its discretionary power. It was thus able to direct the case in such a way that it could realize its own goals.

Eugène II's address to his shareholders left them in no doubt about his intentions regarding the role of workers' representatives in reconfiguring the union at Le Creusot. He expressed his manifest desire to modify representatives' role in industrial relations (the second condition for strategic choices according to Kochan et al.).<sup>56</sup> Giving workers' representatives a specific role ensured a loss of power for the union and greater power for management. Union activity could increase, because the underlying reasons for contestation had disappeared; but the union was effectively dismantled because it was bypassed by an authority (the workers' representatives) that was assigned to play the union's existing role: passing on the demands, or complaints, of workers.

The very existence of the workers' representatives reduced unionization, which represented a strategic choice by management. It had established a discretionary zone by taking the initiative to redact the regulations; through the workers' representatives, it then modified the configuration of the existing union. In contrast with the thesis offered by Don Wells, it was not participation by management that weakened unionization, but the institutionalization of a function that represented workers' participation, at least in name.<sup>57</sup> The Schneider case demonstrates the effective outcome of non-participation by workers' representatives, mainly a result of the limitations imposed by the initial regulations, but also because the representatives allowed the union to die. Its demise was not due to management participation but to an authority that was nominally designed to create industrial democracy. The formation of a collection of elected representatives allowed the reduction in power of

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<sup>55</sup> Ibid.

<sup>56</sup> Ibid.

<sup>57</sup> Don Wells, "Are Strong Unions Compatible with the New Model of Human Resource Management?" *Industrial Relations/Relations industrielles* 48, no. 1 (1993): 56-85.

unelected representatives, legitimized only through their connection with the union.

### **Conclusion**

The experience of the workers' representatives at Schneider offers a historical illustration of a strategic approach to industrial relations. Eugène II, in an environment that seemed universally unfavorable to factories (union breakthrough, an obligation to follow an arbiter's decision) sought to control workers' representatives. To do so, he increased management's decision-making power by encouraging the influence of the new representatives over the organization's workforce, including the unions, in a way that matched his business agenda. At Schneider et Cie the configurations of industrial relations did not result solely from environmental constraints but were affected by the strategic decisions of its directors. Only the integration of these two levers provides a clear understanding of the dynamics of the industrial relations system.

Our research therefore suggests a boundary condition for the contemporary argument about the effect of human resource practices on unionization. Since 1899, certain organizational practices have helped weaken the union system. The "newness" of this trend relates less to the emergence of human resources practices than to their implementation in the heart of the companies themselves.

### **Epilogue: The Impossible Generalization—From Schneider et Cie to the Whole of France**

At the start of 1901, it appeared that the workers' representatives had gained a strong political stake, as revealed in an internal note to Eugène II, following a meeting with a representative of the Paris Chamber of Commerce. The Minister of Commerce, in the course of a meeting with the Chamber, had sung the praises of the workers' representatives at the company and encouraged other businesses to follow its example. But this situation provoked some concern in Eugène II's correspondent, who wrote:

In fact, I believe that we must be prudent about this question and avoid a double pitfall: 1<sup>st</sup>—don't play the game of the Minister of Commerce who wants to use us to develop the institution of the workers' representatives, with all the applications he desires (work counselors, obligatory arbitration, etc. . . .); 2<sup>nd</sup>—at the same time avoid giving the Minister of Commerce the impression, through any behavior that might be considered discouraging, that while we may talk about our worker institutions, at heart we are endeavoring (at Le Creusot and elsewhere) to limit, diminish, or destroy the institution of workers' representatives.<sup>58</sup>

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<sup>58</sup> 01G0884-07, AFB.

The legal project was rejected four times, in 1900, 1902, 1905, and 1911. The CGT voted against this form of representation in its congress in 1901. The debate returned during World War I, and Albert Thomas, the Army Minister, was obliged to install elected workers' representatives in armaments factories in 1917. However, this representation came to an end after the Armistice in 1918.

There was no legal progress after World War I, although most European democracies recognized worker representation by then. The French had to wait until 1936 and the Front Populaire to see recognition of workers' representation—a management rather than workers' initiative, although following its swift implementation in the workplace, workers obtained a lot of power. Even the unions were unable to control their actions, and management was frightened of them. The poor social climate in the workplace could not be allowed to continue when war once again broke out in 1939. At that point, the law replaced elected workers' representatives with representatives designated by unionized organizations recognized by the Ministry of Labor.

Thus, the French situation shows an absence of industrial democracy, whereas political democracy was institutionalized in a precocious way. For Seymour Martin Lipset, these two factors and the rigidity of the social class structure in France explain the inclination of the main French union, the CGT, with its revolutionary attitude.<sup>59</sup> Conversely, a precocious economic democracy enabled British unions to adopt a reformist posture.

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<sup>59</sup> Seymour Martin Lipset, "Radicalism or Reformism: The Sources of Working-class Politics," *American Political Science Review* 77 (March 1983): 1-18.