

'The Bullock Report and European Experience': What We Can Still Learn about Worker Directors from Hugh Clegg

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There are, perhaps, three aspects of Hugh Clegg's paper, 'The Bullock Report and European Experience',¹ that strike the contemporary reader most forcibly. The first is how *alien* it all seems: the past really does feel like 'a foreign country'.² Writing in 1977, Clegg's analysis of the potential role of worker directors appointed to the boards of UK companies was set against the background of an industrial relations landscape that has long disappeared: a largely white, male working population, employed on generally secure employment contracts in an economy dominated in the private sector by unionized manufacturing companies. Blame for the country's long-term industrial decline was pinned at the time, at least partly, on a fragmented industrial relations system that had led to wage drift, inflationary pressures and poor international competitiveness in consequence.

Trade unions had frustrated all attempts by previous Labour and Conservative governments to introduce statutory incomes policies, so the Labour governments of Harold Wilson and James Callaghan (1974–79) were trying a new approach, the Social Contract. Under this arrangement, unions agreed to voluntary pay restraint in exchange for a wide range of 'social wage' benefits designed to favour working people, including price and rent controls, public transport and housing subsidies, measures to redistribute income and wealth, public control of capital investment, an active labour market policy, the repeal of anti-union legislation enacted by the Conservative government, and – significantly – the 'fostering of industrial democracy'.³

Among the measures designed to foster industrial democracy was the Bullock Report,⁴ the topic of Clegg's paper delivered less than three months after its publication, which had proposed the introduction of worker directors on the boards of larger private companies in the UK, in line with the practice in certain other successful European economies, notably the Federal Republic of Germany and Sweden. No one at the time had any idea that the world of Bullock and the Social Contract was to be blown apart by the election of the Conservative government of Margaret Thatcher in 1979, which set out to destroy union

influence and to restore managerial prerogative at the workplace. Her success in achieving those objectives helps to explain the sense of alienation we have when reading Clegg's paper today.

And yet ... And yet there is a second aspect about this paper which also strikes us, one that is arguably more significant. That is the sense of how *familiar* the central issue is that Clegg is addressing, namely how best to ensure the accountability of businesses to their workforces and other stakeholders. Recent years have witnessed a woeful litany of corporate scandals involving at best neglectful and at worst corrupt boardroom decisions: British Home Stores, which went bankrupt in 2016 with a colossal pension fund deficit; Sports Direct, which was found responsible for 'some appalling working practices'⁵ by a parliamentary inquiry in the same year; Carillion, which went into liquidation in 2018 having prioritized dividend payments over its pension liabilities; and GKN, taken over by Melrose, a firm known for asset stripping and workforce reductions, also in 2018. These scandals, among others, became so infamous that they provoked parliamentary inquiries and a certain promise from Theresa May MP as she announced her bid for leadership of the Conservative Party in July 2016:

The people who run big businesses are supposed to be accountable to outsiders, to non-executive directors ... [but] the scrutiny they provide is just not good enough. So if I'm Prime Minister, we're going to change that system – and we're going to have not just consumers represented on company boards, but employees as well.⁶

Hence, some forty years after the publication of the Labour government's White Paper, *Industrial Democracy* (1978),⁷ which had followed the Bullock Report with proposed statutory fall-back rights to board-level employee representation if company-level negotiations on bespoke arrangements failed, the Conservative government under Theresa May did indeed take steps to introduce a measure of employee voice into corporate boardrooms. After a Green Paper consultation and a select committee inquiry, it invited the Financial Reporting Council in 2017 to revise its Corporate Governance Code to require companies, on a 'comply or explain' basis, to adopt 'one of three employee engagement mechanisms: a designated non-executive director; a formal

employee advisory council; or a director from the workforce'.⁸ These provisions came into effect from 1 January 2019.

Clearly these reforms are extremely weak. Indeed, a survey of fifty-seven FTSE all-share companies carried out in spring 2019 revealed that 73% would designate an existing non-executive director to represent employees and 27% would set up a workforce advisory panel, with a 5% overlap of companies combining a non-executive director with a panel. The remainder, a mere 5% (two companies), would opt for a director appointed from the workforce.⁹ Nevertheless, the principle had been conceded – and it is a principle to which a future, more radical government could return – that widening the composition of the board of directors is a significant element in securing the fair representation of stakeholders such as employees on the boards of companies, and therefore their potential influence over the earliest stages of decision-making. For the earliest stages of decision-making are critical, as they involve strategic issues such as investments, new products, restructuring and location of operations. At sub-board level, by which time influence can be exerted merely over the operational aspects of decisions that have already been long taken, it is generally too little and certainly too late.

From this principle of representation there emerges debate over the requirements for a practically effective system of board-level employee representation in the UK. And in this context, Clegg's discussion – of supervisory boards, the minority status of worker directors and single-channel representation through trade unions – suddenly appears rather less alien. For Clegg raises issues that would require resolution by a radical government under any circumstances. Is it reasonable, for example, to place employee directors on unitary boards, or would it be more effective to introduce supervisory boards with an oversight function? European experience is ambivalent in this respect, and the answer depends very much on the historical trajectory of the country under review.¹⁰ To what extent are employee directors at a disadvantage when they are in a minority on the board? In legal terms, in not one of the eighteen of the twenty-seven member states of the European Union (EU) plus Norway that have systems of board-level employee representation can employee representatives outvote shareholder interests on the board, whether unitary or supervisory. In all cases, their success depends on their ability to resolve disputes 'behind the scenes', to delay decisions or to build coalitions of interests

over specific issues.¹¹ And is trade-union membership a significant factor in explaining the influence of employee representation on company boards? Given the minority status of employee representatives across the EU and Norway, then what does seem significant for their success is their training and skills base, as well as their links to other workplace representatives and their deep understanding of employment relations in their own company. All these factors are linked to trade-union membership, which gives them the independence and confidence to deal with the complex issues that arise at board level.¹²

It is noteworthy that such discussion of the practicalities of introducing board-level employee representation into the UK, both today and in the 1970s, continually harks back to European experience. This is hardly surprising given the length of experience that a country such as Germany has had in this respect (though in other countries, such as Sweden, Denmark and the Netherlands, it is much more recent).¹³ Nevertheless, it raises the third striking aspect of Clegg's paper, namely, the relevance of *policy transfer theory* to the whole debate. 'Policy transfer', 'lesson-drawing' and 'cross-jurisdictional learning' were not concepts in Clegg's vocabulary at the time,¹⁴ but he was rightly concerned with an issue that could today be identified as central to that area of theory, namely, how relevant European experience actually was for policy-makers in the UK given the contrasting institutions, legal frameworks and cultures between the countries involved.

The choice of worker directors as a key feature of the industrial relations systems in Germany and Sweden would be explained today as a 'dominance effect'.¹⁵ That is, because economic power is spread unevenly between countries, there is a tendency for one or more to take the lead in developing 'more efficient' business and industrial relations practices (such as Fordist mass production in the USA in the 1920s or lean production in Japan in the 1950s). Lead societies create dominance effects, or best practices that become global or regional standards, which are subsequently imitated by other societies though generally without the even capacity to do so. Such was the case with worker directors in Germany and Sweden. As Clegg points out, the terms of reference of the Bullock Committee were 'the need for a radical extension of industrial democracy in the control of companies by means of representation on boards of directors' and also explicitly to take into account 'experience in Britain, the EEC and other countries'.¹⁶ The notion of a dominance effect was therefore implicit in

the approach adopted by the Committee – though, as noted above, this rang some alarm bells for Clegg. To repeat his question: how relevant actually was European experience for policy makers in the UK?

In the days before any coherent literature on policy transfer, Clegg's analysis is likely to be seen today as partial rather than systematic, and itself raises three sets of questions for the contemporary reader. First, how accurate is his analysis? Is it true, for example, as he suggests, that the introduction of worker directors was intended to bear the brunt of unleashing workers' abilities and improving industrial relations in the UK? He understandably describes these claims as 'flights of fancy' if true (p. 5.9), but has Clegg understood the objectives behind the Bullock Report correctly? Or has he rather overlooked its context within the Social Contract? Second, what was the role of the European Economic Community (EEC, now the European Union, EU) in promoting worker directors? Clegg failed even to mention, let alone examine, the EEC's draft Fifth Directive on the structure of public limited companies (1972), which was acting as a 'push' factor towards worker directors alongside the 'pull' factors reflected in the Bullock Report.¹⁷ What relevance might the Directive have had on turning an optional measure under the Social Contract into a compulsory one enforceable by the European Court of Justice? And third, the question that leads on from the second, how does more recent research on policy transfer and 'lesson-learning' across national boundaries help to bring Clegg's concerns about the relevance of European experience up to date? Each set of questions is examined separately below.

The Bullock Report and its place in the Social Contract

After its election in October 1974, the Labour government had rapidly enacted measures designed to strengthen collective bargaining and promote the influence of the unions in the formulation of economic and industrial strategy. The objectives of its Alternative Economic Strategy included economic reflation, public ownership, planning agreements, controls on prices and imports as well as industrial democracy.¹⁸ It reflected the views of the time about the role of tripartite bodies, such as the National Economic Development Council and the Manpower Services Commission, in running economic policy. Nationalization

policies, planning agreements, sector working parties and the creation of the National Enterprise Board extended the principle of government intervention, but did not create it.¹⁹

These measures formed the backbone of the Social Contract with the Trades Union Congress (TUC), which dominated the relationships between government, employers and unions over this period.²⁰ Stuart Holland, one of the minds behind the Alternative Economic Strategy, argued that 'if organized labour intends to secure advances for the working class as a whole, it must use its bargaining power through the Social Contract for dramatic progress towards key features of such a programme [the AES] in one parliament'.²¹ It was in this context that certain sections of the labour movement developed an interest in board-level representation in contrast with the period ten years earlier, when the consensus had still emphasized collective bargaining between unions and employers as the principal means of securing influence in industry.²² Clegg was therefore acting either inaccurately or mischievously when he alleges that the Bullock Report intended worker directors to carry the burden of reforming industrial relations in the UK. The Report, and the subsequent White Paper, were merely pieces in the much larger jigsaw of the Social Contract. Reform was multi-faceted and included all the interlocking pieces noted above.

He was on much firmer ground when he declared that he did not know any authority in Germany 'who does not attach far more importance to works councils than to worker representation on boards in explaining the working of German industrial relations since the war' (p. 5.10), a point supported by Sir Otto Kahn-Freund, who was chairing Clegg's session (p. 5.24D).²³ Indeed, the German system has traditionally – at least until reunification in the early 1990s – kept areas of potential consensus at the workplace (which are dealt with by the works councils) separate from those areas of conflict (which are dealt with by the unions through collective bargaining, generally at sector level). This distinction, and the legal framework within which industrial relations are conducted, has played a significant role in helping to contain strike levels in Germany since 1945. Nevertheless, Clegg did not go far enough in explaining the favourable influences on German economic development, which go well beyond industrial relations to include the role of the banks and the stock market, as well as the relatively concentrated ownership of companies, all of which has contributed to the long-term perspectives of German industry, its focus on

'patient capital' and hence its productivity.²⁴ The successful transfer of such aspects of the German system into a liberal-market economy like the UK would appear to be vanishingly small, as subsequent developments were to demonstrate.

The role of the EEC in encouraging debate about worker directors

UK accession into the EEC in 1973 focused the attention of the labour movement on the issue of worker directors, and opened up a new area for negotiations in a way unforeseen in the 1960s.²⁵ One of the aims of the EEC was to harmonize company law between member-states, which meant adoption of the draft Fifth Directive with its controversial provisions for employee representation on supervisory boards. This measure may today be viewed as an instance of 'direct coercive transfer' – that is, one where the EEC attempted to impose transfer on to member-states by means of a directive which is legally binding and enforceable through the European Court of Justice, once adopted by the Council of Ministers.²⁶

The Conservative government (1970–74), committed to EEC membership, also apparently supported this Directive. Edward Heath, the Prime Minister, believed that entry into the EEC could help to improve British industrial relations, as Clegg notes (p. 5.21D), and the Commission on Industrial Relations duly produced a report analysing the extent of employee board-level representation across the EEC and its impact on industrial relations.²⁷ The role of the EEC in promoting industrial democracy was widely acknowledged at the time. For example, the Association of British Chambers of Commerce observed that 'this groundswell of ideas towards greater "industrial democracy" – however defined and understood – has been swept into prominence by the activities of the European Economic Community'.²⁸

The views of Jack Jones, then general secretary of the Transport and Workers' Union (TGWU), are significant here. He noted that part of the Social Contract consisted in a commitment to an Industrial Democracy Act designed to increase workers' control of industry, interest in which had been stimulated by closer contact with the EEC and European trade unions: 'It meant a lot to me personally. From my youthful days I had been associated with the extension of

collective bargaining. Now I saw the possibility of elected shop stewards taking their place in the boardrooms of private companies and publicly-owned industries'.²⁹ Indeed, Clegg reveals in his paper:

When it became known by the General Council [of the TUC] that Mr Heath was going to propose supervisory boards with one-third representation for workers, Jack Jones said to his colleagues, 'Look, the one thing you cannot do is to say "No". When a Conservative Prime Minister says "Unions, do you want to go on the board?", you can't say "No, we reject this, Prime Minister". That's not the way to negotiate ... If the management comes and asks you if you want something, you don't say that you don't want it: you say you want more.' Anyway, he said fifty percent. (p. 5.21D)

The TUC Annual Congress in 1973 accordingly accepted the TUC's proposals for 50:50 representation on supervisory boards, adding the following year that such appointments would be acceptable only if made through trade-union machinery at company level.³⁰ It was believed in some quarters that the presence of worker directors on company boards would help to achieve union influence outside the scope of collective bargaining. The principal reason for TUC interest in worker directors lay, therefore, in the appreciation that collective bargaining did have certain limitations which board representation – the chance of which the EEC presented – could possibly overcome:

Major decisions on investment, location, closures, takeovers and mergers, and product specialisation of the organisation, are generally taken at levels where collective bargaining does not take place, and indeed are subject matter not really covered by collective bargaining. New forms of control are needed.³¹

Bill Wedderburn, who spoke alongside Clegg at the Leicester conference, also stressed this point in his own presentation.³² By the mid-1970s, then, considerable pressure had built up around the idea of worker directors, set largely in the context of evidence from overseas. The idea was related to UK entry into the EEC and it was, in British terms, a new departure in industrial democracy. In the context of the Social Contract, it accordingly stimulated new debates which became focused on the deliberations of the Bullock Committee.

Clegg does not address the central issue about how to plug these limitations in collective bargaining other than to comment that minority worker

representation on boards is 'a poor instrument for achieving the radical changes in industrial relations and performance that the Bullock Committee were seeking' (p. 5.3). It is not clear whether he believed that unions simply *cannot* have a say over strategic decisions at board level however important they are for their members' future (because such a move would undermine their principal function, collective bargaining), or whether they *should not* (because otherwise they would lose their independence), or maybe both.

Policy transfer and lesson-drawing

There is some evidence today (contrary to Clegg's opinion) that even minority board-level employee representation does in fact help to protect workers' interests in a variety of ways.³³ Whether or not, neither of the proposals for worker directors examined in this commentary was ever implemented. The 1978 White Paper diluted the Bullock report in several ways, but was never enacted because the Conservative government of 1979 was fiercely anti-union in its industrial relations policies. The draft Fifth Directive, even though later amended to reflect a wider range of representation models, was eventually withdrawn in 2004. While theories of 'dominance effects' and 'direct coercive transfer' help to explain the origins of the proposals for worker directors – through the Bullock Report and the EEC respectively – the question remains why they both failed so miserably in the UK but why the proposals from the Financial Reporting Council were successfully implemented on a 'comply or explain' basis from January 2019.

Contemporary research into policy transfer and cross-jurisdictional learning – which of course long postdates the work of Clegg – provides a helpful framework for comparing and contrasting the evolution of the debate on worker directors in the UK and in the EEC. 'Policy transfer' has been defined as 'a dynamic whereby knowledge about policies, administrative arrangements or institutions is used across time or space in the development of policies, administrative arrangements and institutions elsewhere'.³⁴ The literature examines the processes involved in the transfer of policies generally between countries, their content and the rationales involved.³⁵ While much of the research focuses on cases of successful transfer, Clegg was attempting to

explain why he thought the introduction of worker directors would not work, as an example of policy failure. His contribution to the conference reveals the way in which he was groping towards some answers – namely, that policy makers were not paying sufficient attention to the contexts of the institutions involved, in this case, the role of shop stewards in the UK in contrast to the role of works councils in Germany. The issue is why so many, though not all, influential policy-makers then did believe that worker directors could be introduced successfully into the UK on the basis of continental systems. In this context, it should be noted that one sceptic – Otto Kahn-Freund, who was chairing the conference – had already warned against the misuses of comparative law: he had analysed the failures of the collective aspects of the Industrial Relations Act 1971 largely in terms of its misappropriation of Australian and American models. He had concluded: ‘any attempt to use a pattern of law outside the environment of its origin continues to entail the risk of rejection’.³⁶

There are two facets to the explanation, which can be couched in today’s terminology of policy-transfer theory. The first focuses on the German and Dutch models of board-level employee representation used by the Commission of the EC when drawing up its draft Fifth Directive. Early versions of the Directive ‘owed much to the work of Germans on the Commission’s staff’³⁷ at a time when Germany was extensively admired for its high-wage, high-productivity economy based on industrial consensus (the dominance effect observed above). It had been drafted before UK accession into the EEC in 1973, so it broadly reflected the system of corporate governance of the original six member-states, which corresponded – in the classic terminology of David Soskice – to the co-ordinated market economy model, rather than to the liberal market economy model predominant in the UK, which at that stage was not even considered.³⁸

The second facet concerns the practicalities of the proposed transfer from a co-ordinated market economy model into the UK. The ‘transfer’ was intended by the Labour government as a model for the UK even though the German system, as a co-ordinated market economy, arguably presents the greatest contrasts within Europe with that of the UK as a liberal market economy.³⁹ Institutional and legal constraints were largely ignored, as Clegg pointed out, even though the ‘object’ of transfer was an institution firmly embedded into the German industrial relations system.⁴⁰ Clegg accordingly focused specifically on the contrasting roles and responsibilities of shop stewards in the UK and works

councils in Germany – their different status in law, the lowly status of unions at the German workplace and their differences in accountability, among others (pp. 5.6-5.8).⁴¹ He concluded:

British shop stewards would no doubt occupy a key role in the operation of a worker director system if one were instituted in Britain; but given the wide differences between works councils and shop stewards, this role might be expected to be very different from that played by the German works council (p. 5.8).

One of the most significant differences would have been nomination of worker directors. In German companies with between 500 and 2,000 employees, nominations are made by the works council or by 10% of employees (or 100 if this is a smaller number); in larger companies, a proportion is also nominated by the unions, but only a proportion.⁴² By contrast, the single-union channel of nominations envisaged in the Bullock Report – for which, as Clegg noted, ‘they had no alternative if their proposals were to be accepted by the unions (p. 5.8) – would have given a domination to shop stewards’ networks, an outcome that may have been welcomed by Jack Jones but was robustly opposed by the employers. The Engineering Employers’ Federation (EEF), for example, objected in its evidence to the Bullock Committee to the ‘enforced representation of employees on boards of directors’ and to ‘the appointment of employee directors as nominees of trade unions’.⁴³ Underlying its objection lay employers’ fears of the extension of collective bargaining into the boardroom, a fear unknown in Germany precisely because of its separation of works council and union responsibilities. Pat Lowry, former director of the EEF and in 1977 director of industrial relations at British Leyland, declared at the same conference:

I certainly find it totally offensive to think that discussions of important items in the boardroom should be based on the ‘we and you’ approach which is the hallmark of collective bargaining.⁴⁴

Such a view would have been – and would be still – inconceivable in Germany.

Meanwhile, actual British experience with board-level employee representation is sparse, though one study of seven private-sector companies

with such representation carried out between 1976 and 1979 concluded that the schemes were generally not 'distributive' but rather 'inspired by an incorporative philosophy'.⁴⁵ Evidence on its operation overall in the UK suggests patchy outcomes.⁴⁶

The long shadow of Bullock

Though Clegg himself did not attempt to theorize the contrasts between the UK and Germany as later analysts were to do, it is remarkable that Alan Fox had done just that in a paper that had gone largely forgotten until recently. Fox drew a key distinction between forms of 'vertical bonding' in the processes of industrialization in the two countries. He stated:

In Britain the rising class of bourgeois entrepreneurs were creatures of a society and culture in which feudal and manorial vertical bondings, underpinned by paternalist-dependence relations and ideology, had been undermined and corroded for a period of two centuries or more. In Germany such vertical bonding survived up to the process of industrialization, which occurred late, quickly and thoroughly, with its 'take-off' period in the closing decades of the nineteenth century.⁴⁷

In other words, Fox saw contrasting forms of 'vertical bonding' as a key distinction between the UK and Germany. In the UK, where it had become loosened, employers felt little responsibility for their workers, which had encouraged the development of independent working-class institutions, notably unions, based on adversarial attitudes towards the bosses. In Germany, employers felt a greater sense of responsibility, which encouraged the development of the more consensual relationships that largely endure to this day. These contrasting attitudes – adversarial and consensual – underpin much of the contemporary analysis of liberal and co-ordinated market economies. Fox was clearly ahead of his time.

It remains significant that, faced by a crisis of confidence in the probity of corporate governance in the UK, Theresa May as Prime Minister resorted to some form or other of board-level employee representation as a possible

solution. The version introduced by the Financial Reporting Council in 2017, as noted earlier, is enforceable only on a 'comply or explain' basis, and offers companies three anaemic options: a designated non-executive director, an advisory panel or a director appointed from the workforce. Early indications suggest a paltry take-up of the director option, which – in any case – raises none of the challenges of power distribution that concerned Clegg when analysing the Bullock Report: the role of supervisory boards, the minority status of worker directors and single-channel representation through trade unions. However, given Fox's examination of vertical bonding, and subsequent research by others into the distinctions between co-ordinated and liberal market economies, the Financial Reporting Council options may be seen as 'a Very British Solution' to the problem of corporate governance: achievable but feeble. Unlike the 1978 White Paper, which was never enacted, they have been successfully introduced by cutting not against but with the historical grain,⁴⁸ the grain of the UK national business system which embodies voluntarism, individualism and non-government intervention, not to mention avoidance of union influence.

The discussion comes full circle, and it is now possible to understand better our reactions to Clegg's paper. Initially, and superficially, it seems *alien* as it describes a world of industrial relations long gone. The collectivist solutions proposed by Bullock were overtaken by the election of the Conservative government in 1979. Yet, on a more thoughtful reading, we are struck by the *familiarity* – the enduring nature – of the underlying issues that Bullock was attempting to address, that bubbled up again under the Cameron (2010–16) and May (2016–19) governments, in the form of scandals, soaring executive pay, worker exploitation and lack of corporate accountability to broader stakeholders. And then, at the most analytical level, the insights revealed by more recent research into *policy transfer* inform our contemporary understanding of the barriers to Bullock. Clegg was correct when he argued: 'there is no evidence at all in the Bullock Report from which to predict the consequences of implementing the majority proposals' (p. 5.11). However, while his view was based largely on a recognition of the principal differences between Germany and the UK, ours is based on a deeper and more systematic penetration into the contrasting characteristics between co-ordinated and liberal market economies. The Financial Reporting Council options, then, undoubtedly reflect the most that

would be acceptable to the private sector given the balance of power currently prevailing in the UK.

That said, John McDonnell, then Labour's Shadow Chancellor, announced in September 2018 that under a Labour government 'a third of the seats on company boards will be allocated to workers'. He added that shares would be transferred into an Inclusive Ownership Fund to be managed by workers, to give them 'the same rights as other shareholders to have a say over the direction of their company'.⁴⁹ The TUC, which has campaigned to reform corporate governance for many years, also continues to include board-level employee representation among its policies.⁵⁰ The Labour Party lost the general election in December 2019, but these policies demonstrate that Bullock casts a long shadow. If Labour were to win at any time in the future on a platform to introduce worker directors on to the boards of UK companies, its principal challenge would be to learn the lessons from Bullock: that reforming labour relations and corporate governance requires a coherent package of radical policies, certainly, but that they also need to be carefully tailor-made to UK institutions and legal frameworks and not imported from abroad merely on the grounds of their success in their host countries.

¹ H. Clegg, 'The Bullock Report and European Experience', *Historical Studies in Industrial Relations (HSIR)* 41 (2020), pp. XX–YY; first published in R. Benedictus, C. Bourn, and A. C. Neal (eds), *Industrial Democracy: The Implications of the Bullock Report. Proceedings of a Conference held at the University of Leicester, 4–5 April 1977* (Department of Adult Education, University of Leicester: 1977), pp. 5–5.24.

² L. P Hartley, *The Go-Between* (Penguin Books: 1972 [1953]), p. 7.

³ R. Tarling and F. Wilkinson, 'The Social Contract: Post-War Incomes Policies and their Inflationary Impact', *Cambridge Journal of Economics* 1:4 (1977), pp. 395–414, at p. 395.

⁴ Committee of Inquiry on Industrial Democracy (Bullock), *Report*, Cmnd 6706 (1977). See A. Williamson, 'The Bullock Report on Industrial Democracy and the Post-War Consensus', *Contemporary British History* 30:1 (2015), pp. 119–49; and J. Phillips, 'UK Business Power and Opposition to the Bullock Committee's 1977 Proposals on Worker Directors', *HSIR* 31/32 (2011), pp. 1–30.

⁵ *Employment Practices at Sports Direct. Third Report of Session 2016–17 of the Business, Innovation and Skills Committee*, HC219 (House of Commons: 22 July 2016), p. 29, para. 15.

⁶ T. May, 'Key Excerpts from the Leadership Launch of Britain's Theresa May' (Reuters News Agency: 11 July 2016).

⁷ *Industrial Democracy* (White Paper), Cmnd 7231 (1978).

⁸ *Corporate Governance Reform: The Government Response to the Green Paper Consultation* (Department for Business, Energy and Industrial Strategy: 2017), Action 7, p. 34.

⁹ *Employees on Boards: Modernising Governance* (Local Authority Pension Fund Forum, 2019), p. 5.

¹⁰ N. Kluge and M. Gold, 'Board-level Employee Representation: Balancing Interests across the Company', in M. Gold, N. Kluge and A. Conchon (eds), *In the Union and on the Board': Experiences of Board-level Employee Representatives across Europe* (European Trade Union Institute, Brussels: 2010), pp. 5–11, at pp. 5–8.

¹¹ *Ibid.*, pp. 9–11.

¹² M. Gold, "Taken on board": An Evaluation of the Influence of Employee Board-level Representatives on Company Decision-Making across Europe', *European Journal of Industrial Relations (EJIR)* 17:1 (2011), pp. 41–56. See also K. Levinson, 'Employee Representatives on Company Boards in Sweden', *Industrial Relations Journal* 32:3 (2001), pp. 264–74.

¹³ J. Waddington and A. Conchon, *Board-Level Employee Representation in Europe. Priorities, Power and Articulation* (Routledge: 2016), pp. 191–219. For an update, see M. Gold and J. Waddington, 'Board-level Employee Representation in Europe: State of Play', *EJIR* 25:3 (2019), pp. 205–18.

¹⁴ These concepts became popular in public policy circles in the 1990s. See R. Rose, *Lesson Drawing in Public Policy* (Chatham House, Chatham NJ: 1993); Edward C. Page, *Future Governance and the Literature on Policy Transfer and Lesson Drawing*, paper prepared for ESRC Future Governance Programme workshop on policy transfer (Britannia House: 28 January 2000). For an application relating specifically to employment relations, see A. Ferner, P. Almond and T. Colling, 'Institutional Theory and the Cross-National Transfer of Employment Policy: The Case of "Workforce Diversity" in US Multinationals', *Journal of International Business Studies* 36:3 (2005), pp. 304–21.

¹⁵ C. Smith and P. Meiksins, 'System, Society and Dominance Effects in Cross-National Organisational Analysis', *Work, Employment and Society* 9:2 (1995), pp. 241–67.

¹⁶ Bullock, *Report*, p. v, para. 1.

¹⁷ Clegg's failure to mention the EEC may be because he wanted to prevent overlap with another speaker's paper dedicated to its influence at the same conference: C. M. Schmitthoff, 'The Bullock Committee and the EEC', in Benedictus *et al* (eds), *Industrial Democracy: The Implications of the Bullock Report*, pp. 6–6.19.

¹⁸ M. Wickham-Jones, *Economic Strategy and the Labour Party: Politics and Policy-Making, 1970–83* (Macmillan: 1996).

¹⁹ M. Sawyer, 'Industrial Policy', in M. Artis and D. Cobham (eds), *Labour's Economic Policies, 1974–79* (Manchester University Press: 1991), ch. 10.

²⁰ R. Taylor, 'The Rise and Fall of the Social Contract', in A. Seldon and K. Hickson (eds), *New Labour, Old Labour: The Wilson and Callaghan Governments, 1974–79* (Routledge: 2004), pp. 70–104.

²¹ S. Holland, *The Socialist Challenge* (Quartet Books: 1978), p. 41.

²² J. Elliott, *Conflict or Co-operation? The Growth of Industrial Democracy* (Kogan Page: 1978), p. 205.

²³ However, that should not imply that Germans themselves in any way discount the significance of the role played by board-level employee representation in their system of industrial relations. For example, some thirty years later, Angela Merkel, on becoming German Chancellor in 2006, declared that co-determination was an integral part of the country's social market economy and would remain so. See K. Biedenkopf, W. Streeck and H. Wissman, 'A Core Element of Europe', *Mitbestimmung* 8 (August), pp. 20–5. Clegg might have understood that point better had he bothered to go to Germany on one of – what he dismissed as – 'junkets' organized for the earlier Donovan Commission, of which he had been a member: Clegg, 'The Bullock Report and European Experience', *HSIR*, p. X.

²⁴ See M. Gold and I. Artus, 'Employee Participation in Germany: Tensions and Challenges', in S. Johnstone and P. Ackers (eds), *Finding a Voice at Work? New Perspectives on Employment Relations* (Oxford University Press: 2015), ch. 9.

²⁵ M. Gold, 'Worker Directors in the UK and the Limits of Policy Transfer from Europe since the 1970s', *HSIR* 20 (2005), pp. 29–65.

²⁶ D. Dolowitz and D. Marsh, 'Learning from Abroad: The Role of Policy Transfer in Contemporary Policy-Making', *Governance* 13:1 (2000), pp. 5–23.

²⁷ Commission on Industrial Relations, *Worker Participation and Collective Bargaining in Europe*, Study No. 4 (Commission on Industrial Relations: 1974).

²⁸ *Employee Participation: A Policy Study by Chambers of Commerce of Moves towards Industrial Democracy* (Association of British Chambers of Commerce: 1975), para. 7.

²⁹ J. L. Jones, *Union Man: The Autobiography of Jack Jones* (Collins: 1986), pp. 312–3.

³⁰ *Industrial Democracy*, including supplementary evidence to the Bullock Committee (TUC: 1977), para. 91.

³¹ *Industrial Democracy*, TUC, para. 85.

³² K. W. Wedderburn, 'Industrial Democracy and Company Law', in Benedictus *et al* (eds), *Industrial Democracy: The Implications of the Bullock Report*, pp. 1–1.35.

³³ Gold, 'Taken on Board', *EJIR* (2011).

³⁴ D. Stone, 'Learning Lessons and Transferring Policy across Time, Space and Disciplines', *Politics* 19:1 (1999), p. 51.

³⁵ See, for example, Rose, *Lesson-Drawing in Public Policy* (1993); D. Dolowitz and D. Marsh, 'Who Learns What from Whom: A Review of the Policy Transfer Literature', *Political Studies* (1996), pp. 343–57; and M. Evans and J. Davies, 'Understanding Policy Transfer: A Multi-Level, Multi-Disciplinary Perspective', *Public Administration* 77:2 (1999), pp. 361–85.

³⁶ O. Kahn-Freund, 'On Uses and Misuses of Comparative Law', *Modern Law Review* 37:1 (1974), pp. 1-27, at p. 27.

³⁷ J. Charkham, *Keeping Good Company. A Study of Corporate Governance in Five Countries* (Oxford University Press: 2000), p. 279.

³⁸ D. Soskice, 'The Institutional Infrastructure for International Competitiveness: A Comparative Analysis of the UK and Germany', in A. B. Atkinson and R. Brunetta (eds), *The Economics of the New Europe* (Macmillan: 1991), pp. 45–66.

³⁹ S. Vitols, 'Varieties of Corporate Governance: Comparing Germany and the UK', in P. A. Hall and D. Soskice (eds), *Varieties of Capitalism. The Institutional Foundations of Comparative Advantage* (Oxford University Press: 2001), pp. 337–60.

⁴⁰ Dolowitz and Marsh, 'Learning from Abroad' (2000), p. 12.

⁴¹ His prediction, that other European countries would be 'anxious to learn from the British experience' about the 'challenge from below', has proved without basis. He implies that, because 'management has largely ceased to control the organisation and performance of work' in the UK, it was to do so too in Germany (pp.5.11–12). Yet the German works councils system, with its durable legal foundation, has arguably, despite challenges, weathered changes in industrial relations over the last forty years far more robustly than shop stewards in the UK voluntarist system. See Gold and Artus, 'Employee Participation' (2015).

⁴² See ETUI, *National Industrial Relations, Germany: Board-level Representation* (European Trade Union Institute: Brussels).

⁴³ EEF, *Statement of Evidence to the Bullock Committee of Inquiry on Industrial Democracy* (Engineering Employers' Federation: 1976), paras 1–9.

⁴⁴ P. Lowry, 'The Bullock Committee's Report and Management', in Benedictus *et al* (eds), *Industrial Democracy: The Implications of the Bullock Report* (1977), pp. 2–2.24, at p. 2.6.

⁴⁵ B. Towers, D. Cox and E. Chell, *Worker Directors in Private Manufacturing Industry in Great Britain*, Research Paper No. 29 (Department of Employment: 1987), p. 31.

⁴⁶ For a review of evidence on the operation of board-level employee representation in the UK, see Gold, 'Worker Directors in the UK', *HSIR* (2005), pp. 56–61.

⁴⁷ A. Fox, 'Corporatism and Industrial Democracy: The Social Origins of Present Forms and Methods in Britain and Germany (1977)', *HSIR* 38 (2017), pp. 171–219, at pp. 188–9. Fox develops this argument in relation to the UK (but not Germany) in his book: A. Fox, *History and Heritage: The Social Origins of the British Industrial Relations System* (Allen and Unwin: 1985), ch. 2.

⁴⁸ Fox uses the imagery of imposing change with and against the historical grain in *History and Heritage*, p. xiii.

⁴⁹ John McDonnell's full speech to Labour Party conference (24 September 2018), p. 3: <https://labour.org.uk/press/john-mcdonnells-full-speech-labour-conference-2018/> (accessed 21 May 2020).

⁵⁰ TUC, *Workers on Board. The Case for Workers' Voice in Corporate Governance* (Trades Union Congress: 2013).