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Employers and Employers Associations in the Netherlands Industrial Relations System

John P. Windmuller

This article analyzes the organization of employers in the Netherlands for their industrial relations tasks. After first describing the role of individual employers and explaining why that role is a relatively small one, the article emphasizes the structure and functioning of employers associations in industrial relations. Special attention is given to the existence of pluralistic associations in a country where by tradition most if not all social organizations are pluralistically organized. The postwar wage and economic policies of the Dutch government have encouraged a high degree of centralized decision-making among employers as well as among labor organizations. The article concludes with some observations about the likely consequences of a current trend toward greater decentralization.

Introduction

In the Netherlands industrial relations system the employer side consists of associations and of individual firms, but the prime responsibility for articulating employer interests belongs to the associations. Not all enterprises are members of an association, yet almost all the large ones are and so are

* This analysis of employers and employers associations in the Netherlands is part of a broader study of the Dutch industrial relations system. The author’s stay in the Netherlands during the academic year 1964-65 to gather materials for his study was supported by a Fulbright research grant and by a supplemental grant from the Netherlands Organization for the Advancement of Pure Research (Z.W.O.).
a good share of the medium-sized and smaller ones. « Free riders » and high membership turnover rates have troubled most associations considerably less than they have the union. One of their major problems, instead, has been the maintenance of internal discipline and of uniform employer policies in labor relations — not an easy task even in « normal times », but an exceedingly difficult one in a competitive labor market.

Some forty years ago a staff member of an employers association observed how hard it was for an employer

«...more or less to surrender his individuality with regard to the determination of labor relations in his own enterprise and at the very least to consult with other members of his association about such matters. Anyone who can realize what a sacrifice this represents for an employer whose great strength rests precisely on his individuality can also understand the difficulties which beset the development of employer associations for industrial relations purposes. »

Nevertheless, association authority, if not always association power, has gradually established itself over the whole field of industrial relations. Collective bargaining with labor organizations, propagation of employer views on national economic and social policies, relations with the relevant branches of government, and the broad field of public relations are principally the tasks of the associations. The number of firms preferring and able to play a really independent role in industrial relations is relatively small. Except for the very largest ones among them, these firms are independent more in the sense that they administer their own personnel policies and programs without much association assistance rather than in the more fundamental sense of following unique and different labor policies.

Several reasons account for the prominence of associations in industrial relations. Many associations were founded before or shortly after World War I, especially in industries, or in regions, where unions had conducted successful organizing drives and were demanding recognition and collective agreements. Some also emerged as a defensive reaction

to the revolutionary rhetoric of the November days of 1918. The relatively modest size of most business establishments compelled employers to recognize early that effective action on their own behalf, whether for the purpose of suppressing unions or — later — of negotiating with them, required counter-organizations. In times of struggle, the reliance on joint defense funds and area-wide lockouts, even though they circumscribed the freedom of action of the individual enterprise, soon proved superior to individual resistance.\(^3\) Also around the time of World War I the beginnings of governmental social policies and of labor legislation required the presence of authoritative spokesmen for employer interests before the legislature and the political parties so as to offset the pressure from organized labor. Durable employers associations seemed best suited for the job of fashioning a single employer viewpoint out of many diverse ones and of presenting it effectively to a society whose deserved reputation for its generous tolerance of widely varying political and social philosophies nevertheless rested on a hard base of conservatism and attachment to tradition.

To these two original reasons — collective security and the need for astute pressure group representation — a third one soon joined itself whose importance increased in proportion to the growth of unions and of legislation, namely the demand by employers for services and technical assistance. The failure of associations to stem the growth of union power raised the incidence and importance of collective bargaining negotiations and contract administration in the 1920's, while the passage of protective labor laws called for expertise in applying the new legal norms. Most employers had neither the economic strength nor the managerial skills nor, one might say, the psychological equipment to cope by themselves — and simultaneously — with the unions and government apparatus. Since management consulting firms were hardly on the scene before World War II, most companies expected their associations to supply them with a variety of advisory and operating services in industrial relations, including not only contract negotiations and administration but also advice on personnel policies. Sometimes the associations also took on a quasi-mediating role in contract interpretation disputes between an individual enterprise and the unions represented among its employees, especially in view of the frequent

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absence of formal grievance procedures. Over the years, the individual enterprise thus became increasingly dependent on its association for bargaining strength, representation, and services, while the latter became correspondingly more indispensable to its clients. After 1945, the introduction of standardized job evaluation systems on a national and industry-wide basis further increased employer dependence on assistance from associations. To complete the circle, the availability of association services tended to delay the establishment of industrial relations departments in medium-sized and smaller companies, while simultaneously the lack of demand for industrial relations specialists obviated the need for institutionalized professional training. It was therefore not until the 1950's and 1960's that academic programs to train industrial relations practitioners were introduced into the educational system and that the associations themselves developed training programs for the personnel staffs of their member firms.

A final reason for the ascendancy of the associations ensued after World War II from the prevalence of national economic controls and the centralization of decision-making. These measures superimposed on the long-standing responsibility of the associations for supervising privately negotiated bargains an added responsibility of ensuring the adherence of individual companies to the quasi-public terms of employment embodied in national central agreements. It was a task which the associations did not take on with alacrity since it could and did lead to conflicts with some of their own members, but a task which nevertheless enhanced both their power and their authority in industrial relations.

Individual Employers

The division of labor between associations and individual enterprises in the field of industrial relations has customarily allocated to the associations the task of collective dealings with unions and government

(4) « Quite generally much emphasis is placed on the role of the shipping associations in handling the complaints of union members. If an individual employer appears unwilling to resolve the problems in direct contacts with the union, the intervention of the shipping association is certainly expected to clear up the difficulty. Calling upon this kind of intermediary apparently reduces the direct confrontation of interests, so that a satisfactory outcome is more readily reached. » P.J.A. Ten Hoeven, Havenarbeiders van Amsterdam en Rotterdam (Leiden: Stenfert Kroese, 1963), p. 300.

and to the individual company a primary responsibility for personnel policies. In most companies, union relations as such are non-existent or at best indirect, for the union’s rightful place in the Netherlands as in several other continental European countries is traditionally not inside the plant but beyond the gates. Most companies, however, do operate under the terms of collective agreements negotiated on their behalf by an association. The faithful administration of these agreements is, to be sure, an obligation which inheres in association membership, but should disagreements arise with employees or their representatives over the meaning and application of contract terms, the company concerned will as a rule soon bring the association into the dispute as its guide and agent.

There are, of course, exceptions to these arrangements. Some companies insist on handling their own relations with unions, including the negotiation of single-enterprise agreements. Others welcome assistance from their association, but only after having made genuine efforts to settle problems through direct discussions with employee spokesmen and outside union representative. Several important companies have on their own initiative developed highly progressive personnel policies and elaborate social benefit and welfare programs. The very largest ones, like Philips and Hoogovens, not only negotiate their own collective agreements but sometimes act as pace setters in the resolution of important issues, such as the conclusion of long-term agreements and the equalization of the terms of employment for white-collar and blue-collar employees. But many, if not most, companies still fit into the more general pattern of depending heavily on associations in their industrial relations, especially if they are family-owned companies with a tradition-bound relationship to their employees.

An experienced management consultant has given a vivid description of the climate that still prevails in a number of family-owned and family-run enterprises:

« In the smaller localities especially, the personnel adheres to a traditional spirit of obedience with extends to their private lives. It is expected that the owner's family show an interest in family events such as births and weddings... Within the plant, these relationships lead to a certain familiarity. Employees like being addressed by top management in the local dialect. Obedience is considered a matter of course. Orders are followed without contradiction but also without much thinking. Attempts to change accustomed ways of doing things cause much distrust and may run into concealed resistance. Outsiders
in the plant are viewed as «strangers». Supervisors and managers brought in from other areas of the country are not readily trusted. When personal problems arise the preference is for going to the owner's family.»^6

Just how many companies fit into this pattern — and even more importantly, how many employees work under it — is difficult to say. The admittedly outdated «census of manufacturers» of 1950, which was limited to manufacturing, commerce, and transportation, showed that only 2.7 percent of all establishments were corporations, all the rest being single-owner firms, partnerships, joint stock companies, cooperatives, and others. Furthermore, a sizable proportion of the corporations were actually family corporations under closely held control. However, the proportion of employees employed by all corporations (open and family) was a much larger 38.2 percent.®

It is relevant in this connection to draw attention not only to the structure of ownership but also to the distribution of enterprises according to the number of their employees. (See Table 1.)

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<tr>
<td><strong>PERCENTAGE DISTRIBUTION OF MANUFACTURING ENTERPRISES</strong></td>
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<td><strong>BY NUMBER OF EMPLOYEES</strong></td>
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<th>Small Enterprises (10-49 Employees)</th>
<th>Medium-Sized Enterprises (50-499 Employees)</th>
<th>Large Enterprises (500 and More)</th>
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<tr>
<td>Mid-1953</td>
<td>69</td>
<td>16</td>
<td>28</td>
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<td>End of 1964</td>
<td>67</td>
<td>14</td>
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Although the trend toward greater concentration of employment in large enterprises emerges clearly from the last column in Table 1, it is equally apparent that about half of the approximately 1,200,000 employees in manufacturing still worked in 1964 in small and medium-sized

(7) For further details see ANDRIESSEN, MIEDEMA and OORT, *op. cit.*, pp. 22 ff. Data based on the 1960 census were not yet available at the time this was being written.
establishments of which almost all could safely be assumed to be family ventures. Given the probable relationship between size of enterprise and receptivity to progressive management practices, it is hardly surprising that many companies have not yet heeded the leadership of some of the larger enterprises — and the educational programs of employers associations — in transforming the traditional and often paternalistic relationship with their employees into one based on greater equality through collective dealings. Most employers will not yet tolerate a formal union presence in their plants. Frequently, therefore, it is the works council, by law always chaired by the employer or his representative, which acts as the principal channel for the expression of employee wishes. Under these circumstances, labor-management conflicts are likely to produce at times a strong emotional reaction on the part of the employer, especially in those rare cases when they develop into strikes. For from many an employer’s point of view an open conflict signifies more an act of rebellion than a business-like struggle for economic or other benefits.

Continuity of family ownership explains why the preservation of an integral employer class, or estate, still appears desirable to the oligarchy of trade and commerce which has for centuries constituted a topmost layer of Dutch society. No doubt gifted individuals find it increasingly easier to break through the barriers, certainly more so in mid-twentieth century than ever before, but the transition to a more open system is still under way, and neither technical competence nor the amassing of wealth constitutes as yet a sure guarantee of eventual acceptance. When circumstances require a family to bring a professional manager into the company, perhaps because there are no male members to assume the top position or because the younger generation has proven unable to preserve the company’s competitive existence, his acceptance in some of the more conservative areas of the country may remain incomplete. As an « upstart » he is not quite the equal of the genuine owner-managers in nearby companies. Workers will probably take him less seriously as they discover that his decisions as an outsider are subject to overriding counter-orders by the family.  

The ablest student of the social origins and position of Dutch employers has concluded that upward social mobility is difficult enough to begin with, but that « the climb from the two lowest layers [of the social structure] into an executive position or seat on the board is a

The particular legal form of ownership does not make much difference in this respect. Corporations can be just as tightly closed as partnerships or single-owner firms, as shown for example by multiple tenure of seats on corporation boards (*raden van commissarissen*). Seventy percent of all incumbents hold membership on more than one board and almost 25 percent occupy more than five seats. There is also an excellent chance, almost one out of two, that in any given corporation the top executives will be relatives of one another.

A vested tradition of secrecy about company affairs, still justified by reference to the exigencies of foreign and domestic competition, has long enjoyed legal support. The principal beneficiaries of the tolerance of secrecy are the so-called « closed » corporations, generally distinguishable from the « open » ones by the fact that their shares tend to be kept within the family and are thus not traded in the securities markets. However, even the open or « public » corporations reveal far less about their activities and their financial performance than U.S. corporations are by law compelled to do.

The origins of secrecy in business affairs are undoubtedly closely related to the 16th and 17th century origins of secrecy in public affairs, even if special factors (tax avoidance, competition, fear of envy) have served in a contributory role. These origins should be sought in the business world’s counterpart of the « regents’ mentality » (*regentenmentaliteit*) which still accounts for the notion prevalent among some high government officials that authority carries its own legitimacy within it. The « regents’ mentality » in government, as Professor Daalder has indicated, had three major effects on the top strata, all increasing the gap between the citizen and his government: a) the tendency toward arrogant rejection of criticism, b) the tendency toward secrecy, and c) the tendency toward an inflated sense of self-impor-

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(9) P. VINKE, *De maatschappelijke plaats en herkomst der directeuren en commissarissen van de open en daarmede vergelijkbare naamloze vennootschappen* (Leiden: Stenfert Kroese, 1961), p. 240. Vinke’s study is all the more remarkable because of the scarcity of published data and the general unwillingness of employers and employers associations to make information available.

(10) ANDRIESSEN, MIEDEMA and OORT, *op. cit.*, p. 32.

(11) For this idea I am indebted to Professor Hans Daalder, especially to his inaugural lecture as a professor at Leiden University, published under the title *Leiding en lijdelijkheid in de Nederlandse politiek* (Assen: van Gorcum, 1964).
In much the same way the attitude of the entrepreneurial oligarchy had parallel consequences for the spirit in which business affairs have customarily been conducted, notably the tendency to maintain strict secrecy and the tendency to safeguard control over company affairs against all interlopers, whether they be unions, works councils, stockholders, or administrative agencies of government. In recent years, criticism of business secrecy and tightly held ownership controls have gathered force. As one would have expected, the absence of reliable and documented business information had for a very long time already fostered suspicion, gossip, speculation, and jealousy, but in the last decade increasingly hard questions have been raised about the fairness with which the proceeds of the enterprise are being distributed among the several categories (owners, managers, stockholders, employees) dependent on it. To these questions have of course been joined perennial but now somewhat more pronounced and explicit efforts of employee and stockholder groups to widen their comparatively negligible role in shaping company policies. As a consequence, and with the active encouragement of influential university professors, a major debate about the place and responsibility of the enterprise in contemporary society has gotten under way, paralleling similar debates in other European countries, notably in France.

Proposals for reform now on the table include limits on the number of directors' seats which a single person may legitimately hold, ceilings on the share of earnings or profits which corporations may distribute as bonuses and fees to their directors and executives, designation of a special spokesman for employee interests on boards of directors, in-

(12) Ibid., p. 13.
(13) That secrecy is not limited to only government and business organizations emerges clearly from the following sentence which appeared in an editorial note of a sociological journal a propos research in political sociology: « It is perhaps a rather typical Dutch characteristic that the results of scientific research conducted by, or by means of, certain institutions are often surrounded by great secrecy and are sometimes not even available in any form whatsoever to professional colleagues [ in the academic world ] ». J.E. Ellemers, in Sociologische Gids, Vol. 10, No. 5 (September-October 1963), p. 225.
creasing the effectiveness of works councils (for example by providing them with the same information about company affairs that is given to boards of directors), requiring publication of more informative annual reports, creating a public supervisory board analogous to the U.S. Securities and Exchange Commission, and further extending the stockholders’ presently limited right to demand an investigation of a corporation’s affairs. So far, none of the proposals has been enacted into law. Most employers’ groups have expressed opposition to most of the reforms. If the history of social and economic reform in the Netherlands may serve as a general guide, it is likely that after extended debate in many different forums there will eventually emerge a consensus suitable as the basis for moderate reforms. That process, however, will most probably take several more years before beginning to produce tangible results.

Employers Associations : The Central Federation

For historical reasons, a cardinal feature of Dutch society is the prevalence of blocs or groups based on religious and ideological-philosophical affiliation. These are the Catholic, the Protestant (Calvinist), and the “general” or non-denominational zuilen — literally meaning pillars or columns, but more properly viewed as the constituent groups of society. The “general” group is sharply subdivided into Socialist and Liberal parts. Because this division extends into virtually all organized activities, from political parties to athletics and from education to the mass communications media, pluralism is also an integral feature of Dutch labor-management relations.

Although vertical segmentation has not gone quite as far among employers as it has among workers, still, ever since the turn of the century a substantial number of them have felt sufficiently strongly about their dual identity as employers and Protestants, or employers and Catholics, to join and maintain associations representing them in

(16) Most of these points have been discussed and shaped into specific legislative proposals in the report of the influential, special commission appointed by the Minister of Justice in 1960, the so-called Verdam commission. Its report, entitled Herziening van het ondernemingsrecht (The Hague: Staatsuitgeverij, 1965), is currently a subject of discussion in various forums.

(17) For the views of an influential segment among employers toward the reform proposals and for an exposition of changes that would be acceptable see Open ondernemerschap : de groei van de onderneming en het vennootschapsrecht, 2nd edition (The Hague, Nijhoff, 1982).
both capacities. Milk dealers, therefore, to single out only one group, have their choice of joining a non-confessional, Protestant, or Catholic milk dealers’ association, as of course do employers in many other economic sectors. On the other hand, there are also trades and branches in which a single association represents the collective interests of all proprietors and managers without differentiation according to belief.

The threefold division emerges more clearly at the next higher level, the level at which the individual industry or trade associations unite into central federations. In each economic sector where central federations have been formed — namely industry or big business, agriculture, and small business — there exist « general », Catholic, and Protestant central organizations of employers associations. Thus, three federations represent the special interests of farmers and related employers: a non-confessional organization representing about 60,000 members, a Catholic organization with about 75,000 members, and a Protestant organization counting close to 30,000 members. Together, these three federations represent about 80 percent of all farm proprietors. They maintain close relations with one another, and each one also acts as a generally successful pressure group within that political party (or those parties) corresponding most nearly to the ideological-religious convictions of the organization’s membership.

The second set of central federations are the organizations dedicated to the interests of small business. They represent enterprises in wholesale and retail trade, repair and other services, independent businessmen-artisans, small transport firms, and small manufacturing outfits. The three most important ones are again a general, a Catholic, and a Protestant organization. Through a Consultative Committee they seek to coordinate their policies so as to present a common front vis-à-vis other economic interests. However, the cohesiveness of small businessmen is not as strong as that of farmers or industrialists — a short-coming which is reflected in the proportion of organized small business firms.

(18) The membership figures are derived from Overzicht van vrije ondernemersorganisaties in Nederland, 3rd ed., (The Hague : Sociaal Economische Raad, 1960), pp. 14-16. They date from the late 1950's and may meanwhile have gone down somewhat because agriculture is a declining economic sector.

(19) The general organization claimed 41,000 members in trade associations and 14,000 in regional groups in about 1960. The Catholic organization listed a total of about 56,000 members. The Protestant organization claimed 22,000 members in trade associations and 8,000 in regional groups. The figures for the general and the Protestant federations include a certain amount of double counting. Ibid., pp. 16-18.
It has been estimated that this amounts to only about 35 or 40 percent, thus considerably less than in the case of agriculture and big business.\(^{20}\) Relations between the central federations for small business and the political parties closely resemble the relations maintained by the agricultural organizations. As recognized interest groups they are allowed to claim a share of the relevant parties' seats in Parliament and some representation on party executive organs. From these vantage points they maintain a watchful attitude over the social-economic policies of the government and the political parties to make sure that the welfare-state philosophy does not displace completely the more traditional values of thrift, freedom, and private enterprise.

At the very center of the complex network of employers associations stand the central federations for big business and industry. That there are four instead of the customary three federations should not be considered a radical departure from the symmetrical pattern of association structure because two of the four federations are in essence sister organizations. They fill different functions but their general outlook coincides and their clientele is an overlapping one. These two associations, both of them general or non-confessional in character, are the Federation of Netherlands Industries (V.N.W.) and the Central Social Federation of Employers (C.S.W.V.). The other two organizations are confessional in nature: the Netherlands Catholic Employers Federation and the Federation of Protestant Employers. Together these four associations occupy the «commanding heights» of the Dutch economy — manufacturing, the extractive industries, export-import trading, transportation, communications, banking, and insurance. To ensure continuing close contacts among themselves the central federations for industry and big business have formed a strong coordinating organ which brings their executive boards and secretariats together in regular monthly meetings to set common policies on issues of common concern.\(^{21}\)

\(^{20}\) This estimate also includes the members of a fourth central federation for small business, the Nederlands Verbond van Middenstandsverenigingen, a small non-confessional organization which distinguishes itself from the larger non-confessional group by the fact that politically it stands farther to the Left. The fourth federation is an «outsider»; it does not usually participate in the joint consultation scheme of the other three, nor is it represented in bipartite and tripartite institutions.

\(^{21}\) Indicative of issues of common concern to the four central federations are the standing and ad hoc committees functioning under the auspices of the Council. In 1963 these included committees on cartels, energy and power, taxes, relations between industry and higher education, international problems (jointly with the labor organizations\(^{1}\)), European integration, exports, foreign migrant labor, product labelling, relations between the legislature and industry, principles of wage policy, long-term planning and several others.
Although it is a very large organization, the V.N.W. is of least relevance to this account because its chief purpose is the representation of the so-called «economic» interests of its members rather than their social or labor relations interest. The term «economic» in this context refers to a distinction which European employers have traditionally tried to draw, and to defend, between two sets of interests and activities: the economic and the social ones. The economic side has been held to contain such important categories as tax policy, cartel policy, foreign trade, production problems, regional development, and many related matters. The social side, by contrast, is said to encompass at its core such items as labor relations, labor legislation, personnel policy, the labor market, and social and welfare policy. The point of the distinction, arbitrary and artificial as it may now appear, is that when Dutch employers first expressed a willingness to share some decision-making with unions they strictly limited it to the so-called area of social affairs while firmly resisting bilateral arrangements of any kind in the so-called economic area. In a simplified sense one may say that they were willing to talk wages but not prices, costs, and profits. In view of this position, the non-confessionally organized employers at an early stage decided that the already existing V.N.W. was not a proper body for confronting the unions and that a separate organization would have to be set up through which employers could consult with one another about their industrial relations problems and policies. That organization became the forerunner of the present C.S.W.V. 

The total number of C.S.W.V. members, whether represented through one of its 50-odd constituent industrial and regional associations or through direct affiliation, amounts to about 12,000. It is therefore the largest and in many respects the most important central employers federation in the Netherlands.

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(22) The C.S.W.V. came into existence in August 1945 as the successor to the Centraal Overleg in Arbeidszaken voor Werkgeversbonden which had functioned from 1920 on as the labor relations and social policy arm of the liberal employers. See p. II-7 above. Cf. 10 jaar C.S.W.V. (The Hague, Centraal Sociaal Werkgeversverbond, 1954), pp. 5-6, and in the same volume the article by D. U. Stikker «Hoe het C.S.W.V. tot stand kwam», pp. 8-12.

(23) There now is an excellent chance that the two big non-confessional federations will merge into a single organization. A joint commission to investigate the procedural and substantive problems of fusion was appointed in 1965. It made a favorable interim report to membership meetings of both federations in 1966. The reaction of the membership, in turn, was sufficiently encouraging to stimulate further work on the merger plans. Consummation may be expected sometime in 1967, or in any event in the late 1960's. When it comes, an important traditional distinction in the non-confessional employer camp will have disappeared in form as well as in fact.
The Catholic federation for industry and big business consists of some 60 trade or industrial associations most of which, but not all, are themselves Catholic organizations. The point here is that trade and industry associations with a mixed ideological-religious membership have increasingly sought simultaneous affiliation with the non-confessional and confessional central federations, usually on a pro-rata basis, so as to satisfy the interests and consciences of all their members. The total number of enterprises represented indirectly and directly in the N.K.W.V. amounts to perhaps 4,000. Most of them, needless to say, operate in the predominantly Catholic southern provinces.

The smallest of the central federations for industry is the Protestant federation. Its membership consists of some 45 to 50 trade and industry associations (some affiliated for reasons already mentioned only with a portion of their membership) and about 650 individual firms. Its limited resources and its relatively small staff, especially by comparison with the C.S.W.V., place it under a considerable handicap in keeping up with the others. To be sure, its continued existence is not in any danger as long as its presence on the employer side is required by the symmetry of the threefold nature of representation and as long as enough firms and trade groups are willing to maintain a dual affiliation, but its ability to function effectively as a service-rendering organization is relatively modest. For that reason, it has shown itself eager to strive for steadily closer «federative collaboration» with its Catholic counterpart.

The relative dimensions of the central federations for industry and big business cannot be indicated with the same precision which published membership statistics make possible for trade unions. In an unpublished report the government has estimated that «about 80 percent of employers in industry belong to the liberal non-denominational organization, the Central Social Employers' Association (C.S.W.V.)». This informed appraisal, perhaps slightly too high, corresponds to most other estimates. The Catholic federation probably accounts for approximately 15 percent and the Protestant federation for the remaining five percent.

Such a distribution would, on the face of it, seem to confer on the C.S.W.V. an overwhelmingly strong position among the central em-

ployers federations. Yet, the arithmetic may be deceptive. In the first place, the employers federations do not arrive at their decisions through a process of weighted voting but rather through discussions, negotiations, and compromises. In this process the C.S.W.V. can, of course, bring into play its superior numbers, staff work, and financing, but these are not always decisive. The confessional organizations benefit considerably from the relatively close ties which exist between their leaders and the right wings of the corresponding religious political parties. While some leading C.S.W.V. members, too, maintain personal relations with a political party, namely the Liberal party, a crucial difference is that the Liberal party may or may not be in the government at any given time, whereas without at least one of the confessional parties a government cannot even be formed. Furthermore, there are present in the two confessional federations, and especially in the Protestant one, a few leading employers possessed of considerable personal stature and a corresponding amount of influence, thereby reinforcing the position of the confessional organizations.

To sum up the balance of forces, the C.S.W.V. is without question the most powerful of the industrial central employers federations, but it cannot and probably does not even wish to make its own views prevail without close consultation with the other federations.

The internal structure of the central employers federations bears a certain resemblance to the structure of trade union federations, although in neither case should the hierarchy of echelons be confused with the locus of real decision-making. As a rule, the federations hold two general membership meetings per year. One of these is closed and deals at least in part with internal matters, especially financing, administration, and general policy. The second is open and therefore more informational, educational, and public relations in purpose than administrative and governmental.

Far more important as a policy-making organ than the semi-annual membership meeting is the so-called general committee on which the principal affiliated industry associations and, in one way or another, the very large companies occupy one or more seats.\footnote{In the C.S.W.V. and possibly also in the other central federations, the staffs and officers of affiliated associations which are not officially represented on the general committee may nevertheless attend its meetings. See C.S.W.V., Jaarverslag, 1964, pp. 21-22.} General com-
mittees meet about every other month and deal chiefly with issues of national economic and social policy. Although in a formal sense they are the decision-making body, their principal role, it would appear, is to serve as a forum for a relatively open expression of diverse employer views on the basis of which the officers and staffs of the federations can then formulate their actual policy lines with regard to specific issues and developments.

A small executive board comprising from 14 members in the C.S.W.V. to 7 in the Protestant federation exercises close supervision over day-to-day federation affairs. Because of their distinguished membership, drawn from the top managerial strata of the large enterprises, the executive boards command not only wide respect but are in effect the actual center of power. Through monthly meetings they keep a close check on current developments in industrial relations and on the work of special federation committees functioning under board auspices. The boards also supervise the secretariats headed by one or several general secretaries.  

An important distinction must be drawn between central employers federations and trade union federations concerning the authority of their full-time officials. In the latter, full-time officers are simultaneously elected policy-makers, public spokesmen, and top administrators. In employers associations, however, the highest full-time staff officials hold their jobs by appointment and, at least in theory, wield no personal power in their own right. They are employees who perform a necessary and highly responsible task, but they are not — at least not in a formal sense — policy makers. The policy-making function resides in the boards and more broadly in the general committees, therefore in men who by virtue of business ownership and top management positions pursue their primary activities outside their associations. It is, of course, in the nature of things that secretaries and general secretaries exercise a considerable amount of influence in the federations, but they make it a practice to remain behind the scenes as much as possible and to let the presidents and board members reap the prestige which accrues from frequent public appearances as spokesmen for respected interest groups.

(26) For a brief discussion of the internal government of the employers federations, see ANDRIESEN, MIEDEMA and OORT, op. cit., p. 70.
The federations do not publish or otherwise make available financial reports except for a bland summary of assets and liabilities. Their incomes are derived from dues levied on the payrolls of their members. Most of their operating expenses unquestionably go into personal services, publications, meetings, educational programs, travel, and similar operating items, but the size of their budgets can only be guessed at. For the C.S.W.V., this is likely to be in the neighborhood of Fl. 1,500,000 ($400,000) per year. The C.S.W.V. employs some 25 professional staff members, the Catholic organization about 15, and the Protestant one less than 10. They include specialists in various fields of industrial relations whose work brings them in constant touch with government agencies, trade union federations, individual firms requiring service assistance, and of course also the staffs of industry and trade associations.

In the postwar period the central federations have constituted an important reservoir for filling cabinet positions in the government. At least six general secretaries (or just plain secretaries) have served in various cabinets. M.G.M. Marijnen, a former general secretary of the Catholic central federation for industry and big business, even held the prime ministership from 1963 to 1965. However, not too much importance should be attributed to this phenomenon as a means by which employers directly influence government policy. Employers have never lacked perfectly adequate channels of communication through which to make their views known to cabinet, Parliament, and the high ranks of the civil service. Family ties, seats in Parliament, membership on party executives, and contributions to the campaign funds of the parties have throughout modern history ensured at least the government's close attention, though not necessarily its acquiescence, to the special needs

(27) The employment figures are taken from recent annual reports of the three federations.

(28) One well informed student of industrial relations has expressed a skeptical judgment on the quality of staff members of employers associations by calling attention to the interesting fact that academic world recruits new members more often from among the staffs of labor organizations than from employers associations. He also believes that by comparison with other West European countries the apparatus of employers associations in the Netherlands is not well equipped. See J. H. BUITER, Partijen en strategieën in het arbeidspolitieke spel (Rotterdam: Wyten Zonen, 1968), p. 15.

and wishes of business.\(^{30}\) Cabinet positions for association officials are the result more of a shortage of qualified and available candidates for ministerial posts than of a devious scheme to exercise employer pressure from inside the government apparatus.

**External and Internal Coordination**

Because of the relatively large number of employers organizations even at the elevated level of the so-called peak or roof associations, the problem of coordinating the several ideological viewpoints and economic interests is more complex than in most other countries. Among themselves, as we already noted, the central federations for agriculture, small business, and industry maintain for each of the three sectors a coordinating body, but that is not sufficient to ensure coordination across the sectors as well. The need for this additional coordination arose when the agricultural and small business organizations became incorporated into the centralized consultative and bargaining system, in other words in about 1940.

Before World War II, the agricultural and small business organizations were of only marginal significance in industrial relations. As employers of labor, especially of labor in large aggregates, their members were of small significance. Moreover, their myriads of stores and farms and service establishments employed far fewer unionized employees than worked in firms belonging to the industry and big business sector. Neither the unions nor the large employers were interested in complicating their relationships by introducing outsiders into the various industry councils and the top level coordinating bodies. But when the Netherlands came under German occupation in 1940, it became necessary to bring all the central federations under one roof for administrative and control purposes. In subsequent underground discussions the employers associations and unions decided to create after the war a bipartite consultative institution at the very top level, the Foundation of Labor, in which all employer groups and all legitimate labor organizations were to be represented. Having gone this far, the employers realized at war's end when all the old organizations re-emerged in their own separatist ways that they would need an overall body through which they could from time to time talk with one another before talking

with the unions. They created, therefore, a « Governing Board for Labor Affairs » in which all the central federations became members and which has served for the past twenty years as a relatively loose instrument for mutual employer consultation in social and labor policies.

Through this Board, but by no means through this Board alone, the federations of employers associations in agriculture and small business have exercised a fair amount of influence on industrial relations. The employers, after all, are engaged in a continuing quest for a united stand before government and labor — a quest made necessary by sharply diverging and conflicting economic interests in their own ranks, not even to mention their philosophic differences. The need for an internal compromise and the reluctance of employers to exhibit in public their internal divisions give the central federations for agriculture and small business some leverage over the national labor policies of employers as an institutional body, though not as much as they claim they should have. The economic power of the small federations surely does not measure up to that of the big federations, but their ability to withhold consent on issues which they deem important to the economic interests of their members, in other words their ability to create an embarrassing situation, furnishes them with a modicum of bargaining strength within the constellation of employers associations.

Given their inherent conservatism and economic vulnerability, their bargaining strength has frequently been used to oppose concessions to labor which the larger employers were probably prepared to make. Their complaints of inordinately high labor costs, shrinking profit margins, and rising threats to the very existence of an independent small business and farmer class have sometimes hardened the collective bargaining positions of employers associations as a group. To some extent, although ultimately not very much, the presence of the small business organizations and the farmers at the central bargaining table has limited the ability of the big employers to respond to the exigencies of the tight labor market. To some extent, one might say, their presence is also responsible for the « black wages » which individual employers frequently pay illegally in excess of nationally agreed and government approved maximum wage settlements. On the other hand, their presence has also on occasion served the large firms as a shield behind which they can maneuver to hold their concessions to a minimum.
Far from being oblivious to the internal dynamics on the employer side, the unions have long been ambivalent about the comprehensive line-up of employers arrayed against them. Comprehensive representation has, after all, made centralized bargaining possible. It has also guaranteed the inclusion of all economic sectors in the settlements, including the more weakly organized and less well paid employees in the lagging and declining sectors represented by agriculture and small business. On the other hand, the unions also know that the differences in ability-to-pay of the enormous range of employers represented by the various central federations has had a depressive tendency on central wage bargains. In the Netherlands, as elsewhere, the logic of multi-employer bargaining often tends to lead to settlements which just manage to avoid jeopardizing the survival of the weakest bargaining partners. Comprehensive employer representation has also on occasion created procedural delays in negotiations caused by the much more time-consuming search for internal agreement on the employer than on the labor side while the unions impatiently mark time.

There are indications that the unions have recently begun to stress the liabilities of comprehensive employer representation. Such a development could well be the consequence of a situation in which the unions find themselves under increasing rank-and-file pressure to demonstrate their marginal utility as bargaining agents. By publicly calling attention to the fact — as though they had freshly discovered it — that there are three times as many employer federations at the central bargaining table as there are trade union federations, the unions are signaling a certain amount of distress without going so far as to demand outright a reduction in the influence of the agricultural and small business federations. But it is highly doubtful that the big employers will accommodate the unions. Despite the bother of multilateral coordination and despite the problems caused by the disparity in economic strength, the advantages of the present system are on balance greater, even for the big employer groups, than a dilution of the system of comprehensive representation.

As the bargaining agents for employer interests in top-level collective negotiations, the central employers federations have a responsibility to ensure the adherence of their affiliates to the central bargain, just as it is the responsibility of the individual trade and industry associations

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to police their own backyards (and of the labor federations to look after their unions). Ideally, this kind of supervisory activity has the dual purpose of protecting employers on two fronts: one front against union efforts, or more often « wildcat » demands, to squeeze concessions from individual firms for the ultimate purpose of generalizing them, and a second front against straying employers who illegally pay less than the agreed bargain and thus might receive an unfair product market advantage, or who just as illegally pay more than the bargain and thus might receive an unfair labor market advantage. In the postwar period, employers associations have sometimes had to repair the fences torn down by militant and unofficial employee action committees, but just as often, if not more so, by employers transgressing into illegal high-wage territory.

In the absence of effective sanctions — the practice of heavily fining offending members having been almost universally abandoned after the war — the associations have had to rely on persuasion, education, and appeals to employer solidarity. They can, of course, always expel a flagrant violator, but that penalty has been extremely rarely employed, no doubt because its imposition hurts the association at least as much as the offender. Personal pressure on the heads of out-of-line companies, exercised either through the association or through its most eminent leaders, has been the preferred device to maintain discipline. In really critical situations, where individual companies have been powerful enough to withstand all conceivable sort of pressure and ostracism and determined enough to go their own undisciplined way, the associations have had to confess impotence. It is precisely in these situations, and in many less critical ones also, that the real enforcer of association policies has been the government. Not that the associations act as « informers ». Very few could get away with that without losing a portion of their membership, although the construction industry may in this respect be an exception. Rather, the government under its legal and practical responsibility for the operation of the industrial relations system, including wage determination, has certain powers through which recalcitrant employers may be brought in line. These powers, when exercised through the judiciary, include such direct penalties as fines and, at least on paper, even jail sentences. Even more effective for preventive and corrective purposes are the government's indirect powers, such as frequent labor inspections, close investigation of corporate or personal income taxes, and several others. Without benevolent government assistance, the central employer fede-
rations could not have effectively exercised their disciplinary functions in the past twenty years.

Although their role in the formation and administration of economic and social policy through bargaining and legislation constitutes by far the weightiest activity of the central employers associations, they also engaged in a wide range of programs and services not directly related to the area of their central concern. In a general sense, it is their task to consolidate the position and to safeguard the image of employerdom as a social group, a task which they discharge through extensive public relations and information programs. Of equal if not greater importance is their educational and training activity through which they seek not only to raise the professional competence of employers and management but also to introduce new concepts of management and new approaches to the solution of industrial relations problems. In this way the associations do perform an important innovating and opinion-forming function whose beneficial impact on the attitudes and practices of especially the medium-sized firms should not be under-estimated.  

Industry and Trade Associations

The industry and trade associations belonging to the central employers federations correspond roughly to the individual national unions composing the trade union federations. The parallel does not quite fit because the diversity of associations affiliated with the central employers federations is much greater than that of the predominantly industrial unions affiliated with the labor federations, as is also their multiplicity. Furthermore, the authority of the central organizations over their constituent units on the labor side is, generally speaking, somewhat greater than the authority of the central organizations on the employer side. After all, the hierarchy of unions developed historically as a militant movement for more or less radical reforms which needed cohesion, direction, and discipline in order to succeed. Employers, on the other hand, surrendered only grudgingly a slice of their independence to the associations and had little wish to let still more control escape from them by investing their associations and federations with a substantial degree of authority. In fact, had it not been for World War II and its aftermath, the central federations would in all likelihood still be relatively weak elements in the hierarchy of employers associations.

(32) In this connection see also D. Horringa, Ondernemingsbestuur in de moderne samenleving (Utrecht: Marka Boeken, 1966), pp. 122-123.
As history has developed, however, only a few industry associations are so large and operate in such important economic sectors that they can rival the central federations in authority and even exceed them in their scope of operations. The two most prominent ones are the General Employers Federation and the Federation for the Metals and Electro-technical Industry.

The former, its sweeping title notwithstanding, is not a central federation but rather a multi-industry association. It consists of about 250 individual member firms and of some 30 trade and industry sub-associations in a variety of «miscellaneous» industries, such as glass, ceramics, construction materials, flour milling, pharmaceuticals, chemicals, and several others. Some of the most important companies in the Netherlands — for example, Shell Oil and Unilever — are among its members. It participates in about 200 contract negotiations every year involving well over 200,000 employees. Other services available to its member firms and member associations include legal advice, assistance in the establishment of company personnel departments, research on the personnel and labor relations problems of a particular company, expert counsel on time and motion study techniques, and guidance in the development or modification of job classification systems, piece rates, and the introduction of new work methods. With an annual budget in excess of Fl. 2,000,000 ($550,000) it is able to operate a broader program of services than any other industry association.

The other very large association, usually referred to as the F.M.E., covers the metals producing, metals fabricating, electrical, and electronics industries. It represents the consolidation of five separate employers associations — some functional and some confessional — which decided in 1961, after having for several years already cooperated fairly closely in matters of common interest, to enter into a form of federal union that would preserve a portion of their autonomy and individual identity while at the same time offering the advantages of amalgamation.\(^{33}\) The scope of F.M.E. operations covers not only labor

\(^{33}\) The five separate associations are (1) the Vereniging voor Fabrieken op Elektrotechnisch Gebied in Nederland (FOEGIN), a non-confessional association founded in 1918 for industrial and technical purposes; (2) the Vereniging van Metaal Industriën (V.M.I.), founded in 1916 as a non-confessional association for «economic» purposes; (3) the Metaalbond, a non-confessional association dating back to 1919 and founded for the purpose of handling labor relations problems; (4) the Katholieke Vereniging van Werkgevers in de Metaalindustrie (K.V.W.M.), a Catholic all-around organization of employers established in 1918; and (5) the Vereniging van Protestants-Christelijke Metaal-Industriëllen in Nederland (V.P.C.M.), a Protestant industrialists' organization set up as late as the fall of 1940, i.e. after the onset of the German occupation.
relations but also economic (price policy, taxes, etc.) and public relations matters. Some of the very largest producers in the country are among its members, including Philips and the large steel-producing company, Hoogovens.  

Whether the F.M.E.'s pioneering attempt to combine under one roof several associations with divergent confessional-ideological views and with different functions will set a precedent for the consolidation of employers associations in other branches of industry is still highly questionable. The F.M.E.'s experience has until now not been free of internal frictions, and the relationship of the individual parts to the superordinated federation remains very much a matter of internal discussion. At issue is not only the always difficult problem of determining areas of jurisdiction and authority between a federation and its associated parts, including the staff, but also the formation of a unified stance toward issues of labor and social policy which in this particular industry can reconcile the more settled views of the non-confessional employer groups with the more flexible attitudes of the confessional branches.

Concluding Observations

As long as the role of government in the economy and in the industrial relations system remains as crucial as it has been throughout most of the postwar period, the role of employers associations will necessarily remain an important one. To be sure, such giant companies as Philips, Shell, and Unilever with extensive international holdings and connections can always gain a hearing for their special problems without the intermediary of an employers association. But most employers, no matter how attached they are to the freedom to manage their own businesses in their own way, need associations to represent their collective interests vis-a-vis government and labor and, curious as it may seem, also against their own temptations to step out of line. At

(34) In 1965 Hoogovens decided to take collective bargaining into its own hands rather than to continue under an association contract. The reasons for the decision stemmed, first of all, from the fact that no other company in the Netherlands faces quite the same technical, economic, and social problems as Hoogovens does since it is, after all, the only basic steel producer and, secondly, from a top management desire for greater independence from some of the relatively conservative companies in the association. Hoogovens has since concluded its own contract with the unions. The expectation that its departure might set in motion a trend toward more individual firm bargaining has, however, not materialized. For purposes other than collective bargaining, Hoogovens remains a member of the association.
the same time, the government would find it almost impossible to ascertain a common employer viewpoint in the absence of representative and reasonably authoritative associations.

In the first dozen postwar years the generally accepted need for a strong government role in the reconstruction of the economy went hand in hand with the government’s willingness to engage in almost permanent consultation with organized industry and labor, thereby measurably strengthening the position of well-nigh all organizations vis-a-vis their members, but especially the position of the central organizations. More recently, the ailments of an overheated economy with its inflationary pressures, tight labor markets, high demand levels, and balance of payments difficulties have led the central employers associations to argue vigorously against any tendency to decentralize the locus of decision-making to the industry or individual enterprise level for fear that wage and price levels would then burst the bounds of what they deem to be economically reasonable and defensible.

While the government’s willingness to make use of its extensive powers to control the economy has in the past exceeded that of most other democratic industrialized countries, the consequences of centralization for industrial relations which flow from central economic controls have probably been carried as far as they can, short of an acute national emergency. The future trend in labor-management relations is likely to be toward more decentralization of responsibility and decision-making, partly as a long-delayed reaction to the centralizing trends of the past two decades and partly through recognition of the social advantages of more widely diffused decision-making powers. There are some indications already, although admittedly neither many nor particularly strong ones, that employers associations for certain industries would like to deal with their counterpart unions under conditions of fewer restraints from central direction, just as there are a few individual firms which have taken the initiative of engaging in separate collective bargaining with labor organizations.

As labor-management relations do become more decentralized, two important results for employers associations and for individual firms will ensue. Decentralization will, in the first place, act to redistribute the authority relations among associations by diminishing somewhat the importance of the central federations, with a corresponding gain for the industry associations. But unless carefully engineered, decentral-
ization could well have an initially disorganizing effect until a majority of the industry associations became more accustomed to applying their own resources and ingenuity to the solution of their specific problems rather than relying, as they often do now, on guidance and direction from « The Hague », the seat of government, where logically enough the central employers federations also have their headquarters.

In the second place many individual companies will under greater decentralization feel the need to develop their own set of industrial relations policies and acquire a qualified staff to handle them. For perhaps all too many years most employers have relied on their associations — the central federations as well as the industry associations — to carry the burden of organized labor-management relations. With exceptions of course, they have devoted themselves as a rule only to employer-employee relations on an individual basis, and rather frequently in the spirit of trustees and benevolent guardians. More effort spent on the improvement of labor-management relations at the plant level should be salutary for employers as well as employees, for the former so as to help divest themselves ultimately of some of their deeply ingrained paternalistic attitudes and practices and for the latter so as to achieve, in the end, a greater measure of social and personal independence at the workplace.

LES EMPLOYEURS ET LES ASSOCIATIONS D'EMPLOYEURS DANS LE SYSTÈME DE RELATIONS INDUSTRIELLES DES PAYS-BAS

Dans les Pays-Bas, la sauvegarde des intérêts des employeurs concerne surtout les associations d'employeurs. L'importance de ces associations découle de plusieurs raisons ; les unes sont historiques, les autres sont contemporaines.

Durant les deux premières décades du XXe siècle, années qui correspondent à la période de formation de la plupart des associations d'employeurs, les entreprises industrielles étaient généralement trop petites pour faire face aux pouvoirs grandissants des unions.

N'étant pas suffisamment équipées en personnel professionnel, pour faire face au problème, ces entreprises utilisèrent de plus en plus les services d'associations d'employeurs pour les orienter dans leurs rapports avec les unions et pour les aviser sur les politiques à établir en matière de personnel. L'influence des associations d'employeurs s'accentua davantage avec l'imposition de centrales économiques après la deuxième guerre mondiale et par suite de la centralisation de la négociation collective.
D'une façon générale ce sont maintenant les associations d'employeurs qui prennent charge de la négociation alors que les entreprises se préoccupent surtout de l'établissement de leurs politiques dans le domaine du personnel.

Des fédérations centrales d'employeurs existent pour chacun des trois secteurs économiques : l'agriculture, la petite entreprise (surtout le commerce de détail) et l'industrie (la grande entreprise).

La structure administrative interne des fédérations centrales d'employeurs se subdivise comme suit : un conseil des membres qui est virtuellement sans pouvoir, un comité général qui établit les politiques générales, un bureau exécutif qui est le centre du pouvoir et un secrétariat très influent.

Dans chacun des trois secteurs économiques, les fédérations centrales ont créé des organismes qui ont pour but de coordonner les différents points de vue et les intérêts divergents. Il existe en plus un « Governing Board for Labor Affairs » auquel toutes les fédérations centrales sont affiliées.

La centralisation des décisions a considérablement accru le pouvoir des organisations centrales, tant du côté des employeurs que de celui des unions. Il est difficile d'aller plus loin dans une société démocratique. On peut prévoir que dans un avenir rapproché la tendance ira vers une décentralisation et une diffusion des responsabilités.