

Democracy and Globalization:

Concept for more democratic influence on big enterprises and on the world economy

0. Introduction

This concept originates in the following **basic concept**:

In big international enterprises the supervisory board (SB) (that elects and controls the board of managers (BoM)) is elected by 3 groups having equal rights:

shareholders, employees and the population.

The result of it is a better co-determination / democratic influence in the enterprises.

This basic concept can also be the basis for an even more comprehensive democratization of the economy. Through an international regulation of the group "population" can originate an international democratic **parliamentary assembly**.

About the aim of this assembly: See paragraphs 2.2, 4.1.1 and 4.1.2; see also the alternative in appendix B **without** international parliamentary assembly.

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1. second introduction; basic concept; alternatives in the group "population"

The most comprehensive freedom of the greatest possible number of people (while considering the rights of minorities!) needs as a base a democratic structure of society. In order that democracy works well, the forming power of the democratic institutions must be much greater than the power of persons or small groups through property, which is used especially by means of enterprises.

Therefore in big enterprises must be introduced the most comprehensive democratic co-determination, under which free-market economy can work.

Coming near to this most comprehensive democratic co-determination is the aim of the following concept. For this concept I start from the **existing mechanism in German enterprises, that have more than 2000 employees**: In the SB (that elects and controls the BoM) half of the seats is elected by shareholders, the other half is elected by employees. If a voting is undecided, then the chairperson of the SB has two votes in a repeated voting; this is very important, because the representatives of the shareholders can elect her/him alone and therefore can also make the decisions alone (e.g. can elect the BoM alone). *[More about it: see appendix A.]*

The **basic concept** that I propose has a **third** group, that can elect members into the SB: the **population**. The representatives of all three groups have the same number of votes; this is also valid during the election of the BoM.

How the **population** elects representatives for 1/3 of the SB-places (4 alternatives):

Alternative 1: Through the parliamentarians, who have been elected by the population; how: **see 4.1**. This is the simplest alternative.

Alternative 2: Through representatives of the population, who have been elected in local/communal democratic elections.

(The election-procedure of **4.1**, that refers to alternative 1, is nearly completely transferable to alternative 2.)

Alternative 3: During national parliament-elections there is an additional voting-paper; with this voting-paper one elects people, through which other people are elected into the SBs.

(The election-procedure of **4.1**, that refers to alternative 1, is nearly completely transferable to alternative 3.)

Alternative 4: In the long run by means of the internet (or something similar) direct (/ basic) democratic procedures can be used. (4.1 is interesting also for this alternative.)

The following text is adapted to **alternative 1** (= parliamentarians); it is widely transferable to the other alternatives.

2. consequences of this concept

2.1 in a single enterprise

- Because there are no clear majorities, one-sided positions can hardly be carried through. Whether it is about high profits for the shareholders or about high salaries for the employees: Both interest groups don't have the majority to make such decisions alone.
- The representatives of the parliamentarians (**not** the parliamentarians themselves) can mediate in conflicts between shareholders and employees.
- If shareholders and employees agree, then the representatives of the parliamentarians can't carry through anything.
- The repres. of the parliamentarians are most responsible to the voters (who vote in parliament-elections). Therefore social interests now play a greater role in the decisions of the enterprise.
- Through the personal contact with the repres. of the parliamentarians and through the lost of the majority, it is becoming more normal for the repres. of the shareholders, to deal with social issues, human rights and ecology.

2.2 stronger democratic influence on the world economy

a) Politicians can no longer simply blame the globalisation for problems. This is because of the co-operation of two factors: Their co-determination in big enterprises and the **international regulation** through an international democratic **parliamentary assembly** (see 4.1) during the distribution of this co-determination.

To support strongly the own interests during the international distribution (e.g. to get SB-seats in the biggest international enterprises), the parliamentarians **must unite in international groups**, so that a party-structure arises, that is similar to those in national parliaments.

If the big international party-like groups (**IPGs**) can agree on common aims, then they can effectively influence the world economy, e.g. with regard to social issues/standards, human rights, ecology, taxes.

This influence does not only work through the single enterprises. Because of the right to decide in one single important world economic issue (namely the election of SB-members, who have real influence) the international parliamentary assembly has the attention of the public and of the national politicians, and so it can influence national politicians in many fields.

Through the governments the IPGs can also have influence on international economic organizations like the World Trade Organization (WTO), the World Bank and the International Monetary Fund (IMF). In addition: Also the pressure/influence of big enterprises on the WTO (and other organizations) and on the WTO-member-states is influenced by the IPGs und the international parliamentary assembly, respectively.

Through the international parliamentary assembly the political parties can build a democratic structure of power, that reduces problems which occur because of the competition between the states.

b) As a comparison: Under discussion is the creation of a parliamentary assembly of the World Trade Organization (WTO). This initiative is supported especially by the European Parliament (EP) in Strasbourg and the worldwide parliament association Interparliamentary Union (IPU) in Genève. The EP hopes that this assembly will have consultative powers, the assembly should receive reports from the WTO and should have the ability to make proposals to organs of the WTO.

The parliamentary assembly from my concept has a bigger influence to carry through contents (see a))

(see also:

European Parliament: „[Report on openness and democracy in international trade](#)“ [www.mikox.de/mitbestimmung/EP-Desir.pdf] (document A5-0331/2001) by Harlem Desir; with a motion that has been adopted by the EP.

„Ein Parlament für die WTO?“ by Peter Bender, in „Internationale Politik“ 6/2002, pages 43-44.
„Verfassungsperspektiven und Legitimation des Rechts der Welthandelsorganisation (WTO)“ by Markus Krajewski, 2001, pages 255-261.)

c) For Non-Government Organizations (NGOs) the international parliamentary assembly is an important institution, where they can concentrate their pressure on politicians.

d) Trade / Labor unions: Through the fact that an international regulation takes place for a part of the employee-votes (see 4.2), also an important structure is created for the international coordination of the unions among themselves.

3. size of an enterprise

To explain the basic concept of this co-determination, I already mentioned as an example enterprises with more than 2000 employees.

Besides the number of the employees there are further criteria for the introduction of this co-determination:

- value of an enterprise
- value of the shares of an enterprise
- especially at finance-enterprises: value of property, that they manage for their customers

In addition there should be a graduation for the co-determination, according to the number of employees, the value of an enterprise,.... Example:

Votes in the SB	employees	or value
1/3 : 1/3 : 1/3	more than 2000	over A

$\frac{1}{2} : \frac{1}{4} : \frac{1}{4}$ (1/2=shareholders) | 200 to 2000 1/10 A to A

In addition there should be regulations for:

- enterprises, whose shares are partly owned by enterprises, that have this co-determination.
- a group of enterprises, where the same person owns big parts of each enterprise.

4. election-procedures

4.1 population: distribution of 1/3 of the SB-seats by it (regarding alternative 1)

The following shows how parliamentarians (= **alternative 1**) give certain SB-seats to persons that they select (the parliamentarians themselves do **not** get a SB-seat) through an international parliamentary assembly.

4.1.1 The right to elect an international **parliamentary assembly** is owned by the parliamentarians of the member-states.

Their votes are weighted according to:

- the size of a parliament (if the number of the parliamentarians of a parliament is above the average with respect to the population, then the vote of a single parliamentarian weights less)
- the size of the population (but 10% per state at the most)
- whether a state is "small" (see 4.1.3)
- big regions (see 4.1.5)
- human rights (see 5.)

The parliamentarians elect an international democratic **parliamentary assembly** with e.g. 200 members; in the election they can choose between international lists of candidates, that belong to various political directions (on the lists the order of the candidates can be changed).(*)

80 % of the delegates are elected by the parliamentarians of the bigger states, 20 % by the parliamentarians of the "small states"; this separation is necessary because of the additional right to vote of the "small states" (see below).

To (*):

The procedure "international lists of candidates" considers **smaller political groups** better than a proposal, that has been made for the plan mentioned in 2.2.b of the EP/IPU, namely to take from every country one delegate from the government and one from the opposition. A better version of the procedure "international lists of candidates":

In paragraph 2 the "alternative 3" is described. According to this alternative the international parliamentary assembly is not elected by parliamentarians, but by other people, who were elected with an additional voting-paper during national parliament-elections. If the proportional representation (not the majority representation) is used for "alternative 3", then in this alternative smaller political groups are considered more appropriately. "Alternative 1" (= election of the international parliamentary assembly by parliamentarians) is for smaller political groups worse because of those states that elect parliamentarians through majority representation.

4.1.2 In the parliamentary assembly decisions about the distribution of the SB-seats in the enterprises are made in this way:

1. By a certain date there is an agreement with 2/3 of the votes of all and more than 1/2 of the votes from the "small states".
2. If there is no agreement, then a decision is made by lot; the single groups get a number of SB-seats that matches their portion of the votes.

An agreement can include e.g.:

- SB-seats are distributed to a party or to an international party-like group (IPG).
- SB-seats are distributed to the parliament of a region (e.g. European Union) or state. If in a regional or national parliament a 2/3 (or 3/4) –majority can't be reached, the right to decide goes back to the global level.

- 4 of 5 SB-seats of several enterprises are directly given to parties/IPGs, the 5th seats of these enterprises are together distributed by lot.
 - basic patterns of distribution are agreed on for several years or for an unlimited period.
- The distribution takes place at the end of every year, especially for the SBs that are elected in the following year.

4.1.3 What is a “small state”? “Small states” are those states of a region, that together have not more than 20 % of the population.

Completing rules:

- If the biggest “small states” of a region has a larger population than all other “small states” of the region, then it is not any longer a “small state”; presupposition: There are more than two “small states” in the region.
- No “small state” has more than 50 % of the votes of the “small states”.
- If in a region with only a few states there is no state with 20 % or less of the population of this region (this means there is no “small state”), then in this region votes are cast only for the 80 % (see 4.1.1) of the bigger states.
- During votings, where only the voters from the “small states” count, the parliamentarians from the “small states” of one region have the same amount of votes as those of other regions (this is valid before reductions because of violations of human rights, see 5.).

4.1.4 big states:

- In a state with more than 100 million inhabitants not the parliamentarians of the state parliament have the right to vote for the international parliamentary assembly, but the parliamentarians from the parliaments of the regions of the state; also these regions cannot have more than 100 million inhabitants.
- In 4.1.1 is already mentioned: States with a big population can have 10 % of all votes at the most.
- In 4.1.5 c) is written, how a big state can become a big region.

4.1.5 big regions:

- All Regions have the same amount of votes (this is valid before reductions because of violations of human rights, see 5.).
Exception: A region that is especially small has only the half right to vote; details are in e).
- First there is only one region. From this region can be cut off further regions, if there is agreement of 2/3 of all and of over 1/2 of the votes from the “small states”. There could be e.g. 4 basic regions: Africa, America, Asia/Oceania (without India and China) and Europe.
- Big states can become regions, if they have sub-areas with a certain degree of independence and their own parliaments; with respect to voting, the smaller of these areas obtain the same status as the “small states”. Example -state: India. Agreement is needed of 2/3 of all and of 1/2 of the votes from the “small states”.
- Out of the up to 4 basic regions one can form up to 8 regions. This way it can be prevented, that big states that become a region have a too great influence.

Completing regulations:

- First the parliamentary assembly must agree with a simple majority. After this in the states that are not a region is a voting (together with the voting for the next international parliamentary assembly): one needs a 2/3-majority of all votes cast and a simple majority of the votes from the “small states”.
 - If the up to 8 regions are again changed, then the voting takes place according to the up to 4 basic regions; in this way it is easier to agree on a division of the basic regions.
 - A new region can arise from states from more than one basic region.
- A region that is especially small has only the half right to vote. This could be regulated like this:

If the population of a region is smaller than 40 % of the smallest basic region, then it has only the half right to vote.

Concerning the 8 regions mentioned in d), this region is a half region.

4.1.6 These and other regulations are fixed in a ‘constitution’, they can only be changed with a double 2/3-majority: 2/3 of all votes and 2/3 of the votes from the ‘small states’.

4.2 employees: distribution of 1/3 of the SB-seats to them

One half of the employee-representatives (this is 1/6 of the total SB) is directly elected by the employees of an enterprise.

The **other half** is elected by trade / labor unions. When the unions fill their SB-seats of the specific enterprise, in most cases they will act accordingly to the wishes of the employees there; that the unions don't have to do this, has advantages: e.g. at finance -enterprises that have employees who have relatively high incomes. Such enterprises can have a great influence on society and by this on the great number of employees at other enterprises, who earn less. The interests of these worse earning employees are supported by the direct influence of the unions.

The distribution-mechanism for the SB-seats of the unions is similar to the distribution-mechanism for the SB-seats of the parliamentarians.

The right to vote of a union is also weighted according to the number of its members.

To take part in this co-determination a union must fulfil minimum standards (e.g. according to democracy within the union).

4.3 chairperson of a SB

1. If there is no 2/3 majority for the chairperson of the SB, then she/he will be elected by the representatives of the parliamentarians (they are the most neutral group); therefore their number should be odd (whereas the number of the employee-representatives should be even, compare 4.4, 4.2)
2. If a voting has resulted in a tie, then the chairperson has an additional vote.

This regulation is interesting for the example from 4.2 (‘finance -enterprises that have employees who have relatively high incomes’): The half of the employee -representatives that is directly elected by the unions can have a majority together with all parliamentarian-representatives.

(Alternative regulation for such a majority: The number of the employee-representatives that are directly elected by the unions is one person higher than the number of the other employee-representatives. With this regulation the following regulations can be deleted: the regulation about the chairperson of a SB in 4.3, in addition 4.4.)

4.4 ratio 5:5:5, 5:4:5 or 5:6:5 in a SB

For the employees an even number of SB-seats is more practical, because their votes are divided (see 4.2). If the ratio shareholders:employees:parliamentarians is 5:4:5 or 5:6:5 instead of 5:5:5, then there is scarcely a difference: If shareholders and employees vote completely against each other, then at all three alternatives decides the 3:2 majority of the parliamentarian-representatives; at that one has to pay attention to the method of electing the SB-chairperson, who has an additional vote, if the voting has resulted in a tie.

The proportions 5:4:5 and 5:6:5 could be changed with every new election of the SB.

Also the proportion 5:5:5 can be used, but then not every person can have the same weight for her/his vote.

5. human rights

A committee will be elected, that can reduce the co-determination of states, if they violate human rights.

Precise example: The committee consists of 15 persons; every 2 years 1/3 of the persons are newly elected by a simple majority for 6 years. The committee decides with a simple majority about human right issues. A sentenced state loses up to 5% yearly of its normal portion of co-

determination. An even greater part can be subtracted, if after the human-rights-committee also the parliamentary assembly (4.1.1) support it: with a 2/3-majority of the votes cast and a simple majority of the votes from the "small states". Members of the parliamentary assembly, that have the nationality of the concerned state, cannot vote.

The members of the committee can decide according to their own values; normally they surely orientate themselves on the various human right conventions.

The members of the committee can make decisions on their own initiative.

The committee should sometime be replaced by a human right court, that can reduce the portion of co-determination without a limit according to very precise human right laws.

6. carrying it through

6.1 Europe: This co-determination can only work, if it is introduced by several economically important states together. Therefore most states of the European Union (EU) have to join in, or the USA. If most states of the EU are ready to introduce this co-determination, then surely all over the world there are states that are interested in joining in.

6.2 customers: The customers can have influence by

1. preferring enterprises that have this co-determination;
2. preferring out of these enterprises those,
 - whose suppliers (of goods and services) also have this co-determination (to an as possible great extent) (if the suppliers are big enterprises);
 - that offer more with regard to social issues, human rights and ecology.

Ranking lists or valuations in the internet or in magazines about products, producers, traders und service companies could be a help for the selection. For this the mass media and organizations can get information about suppliers, human rights, ecology etc. just from the parliamentarian-representatives in the SB, because

- the information can support political aims of the parliamentarians and their parties; therefore they are interested in publishing information (especially interesting: differences with respect to the various political directions).
- the parliamentarian-representatives are less inclined than the shareholder-representatives to make light of something or to keep something secret.
- most international party-like groups will probably develop standards for their information-work; this increases the comparability of the information of different enterprises.

6.3 enterprises from states without this co-determination

If many customers prefer enterprises with this co-determination, then this can be an argument for enterprises from states without this co-determination, to introduce such a co-determination.

For this special regulations are necessary. The third of the SB-seats that is occupied by the parliamentarian-representatives cannot be elected in the usual way. Instead the following regulation would be possible:

These members of the SB are appointed by agents of the parliamentarians from states with this co-determination; non-government organisations (NGOs) play a role as advisers.

By a decision of the shareholders' meeting will this co-determination be fixed in the statute of the enterprise.

Michael Kox

info@co-determination.info

Changes by 9 December 2003: see <http://www.mikox.de/english/co-determination/changes.htm>

Appendix:

A. to 1. (“... existing mechanism in German enterprises, ...”)

A1. It is also worth mentioning: Also a representative of the group of the leading/managing employees belongs to the representatives of the employees.

A2. A special case is the ‘Montan’-co-determination. This co-determination is applied in big mining enterprises and in big enterprises that produce iron and steel, if these fields make up at least 20% of an enterprise. It has the following regulation:

In the supervisory board shareholders and employees have the same amount of votes, additionally both groups together elect a ‘neutral’ person.

One could expand this regulation to all fields of enterprise.

Also this regulation has disadvantages to my proposal:

- o e.g. “at finance-enterprises that have employees who have relatively high incomes” (**compare 4.3 and 4.2**). Such enterprises can have a great influence on society and by this on the great number of employees at other enterprises, who earn less. Through the ‘Montan’-co-determination these less earning employees and the society have no influence on these enterprises; through my proposal they have.
- o Interests of the society which don’t have much significance in the conflict “shareholders against employees” are not adequately considered.
- o It is not a starting-point for a global democratic regulation of the world economy (**in contrast: see 2.2**).

Completion: According to the German law shareholders and employees have not entirely equal rights, when they elect the ‘neutral’ person; through a regulation that twice involves a law court the shareholders can decide alone.

B. alternative: regulation without international parliamentary assembly

The following alternative regulation shall show,

- that the basic concept also works internationally without an international parliamentary assembly;
- in other words: that the basic concept also works internationally **without a central** international committee, that does a sort of prior-distribution.

How to fill the SB-seats of the group ‘population’:

1. In the SBs of big international enterprises there are 3 groups having equal rights: shareholders, employees and the population. In a SB there are at least 15 members, so there are at least 5 members of the group ‘population’.

Group ‘population’:

*Various political groups shall be in the same SB at the same time, so e.g. at the same time conservatives and socialists/social democrats. The group ‘population’ shall not be represented by states; oppositional groups must have influence, too. In the SB there shall **not** only the representatives of the population from the region/state, where the enterprise has its headquarters; after all big international enterprises have effects in many states/societies.*

2. 2 (of at least 5) of the SB-seats of the group ‘population’ are elected in a regional or national committee (e.g. parliament or parliamentary committee); there where an enterprise has its headquarters.

3. For the remaining SB-seats there is an international lottery, after the lottery these SB-seats can be exchanged.

Participants of this lottery are political groups and parties; they can be national groups/parties or international alliances. Every political group/party gets a number of SB-seats that matches its portion of the votes.

(This portion of the votes is based on democratic elections. There are different ways for such elections. The

simplest way (not the best!) is maybe this: Every single democratically-elected parliamentarian from the national parliaments has a right to vote, that he/she can transfer to others (e.g. to a national party or an international federation of parties) and that he can demand back.)

4. As a supplement:

The candidates that are elected into a SB according to ‘2.’, are a candidate for one of those political groups that take part in the international lottery according to ‘3.’.

Every successful candidacy (according to ‘2.’) means that a political group gets one SB - seat less in the international lottery.

With this regulation political groups from less developed countries and smaller political groups are considered with more justice; with the regulation according to ‘2.’ they are at a disadvantage.

Final remarks [to appendix B]: I myself do not prefer this alternative regulation. I prefer the regulation from the main text, which is the regulation with an international parliamentary assembly:

- o The regulation with an international parliamentary assembly has a centralistic element, it is true. But in fact you proceed from this, that the regional desires have a great influence at the international political groups/parties: E.g. in enterprises with headquarters in France the representatives of the population in the SBs will come from France to a large extent.
- o With a regulation with international parliamentary assembly the SB-seats can be filled very controlled. The alternative regulation (from this appendix) can come near to this only through more regulations.
- o Because of the right to decide in one single important world economic issue (namely the election of SB-members, who have real influence) the international parliamentary assembly has the attention of the public and of the national politicians, and so it can influence national politicians in many fields.

So here, contrary to the alternative regulation from this appendix, in different economic issues are international democratic agreements with real influence; at the same time there is no legal or contractual force on states to realize these agreements (that do not relate to the filling of SBs). So the states are **not** subordinated to the international parliamentary assembly in all these economic issues.

Michael Kox

info@co-determination.info

Changes by 9 December 2003: see <http://www.mikox.de/english/co-determination/changes.htm>

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Esperanto: www.mikox.de/esperanto/kundecidado

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