ABSTRACT:

After decades of prosperous development, the 1970s posed an economic challenge to the automobile industry. For the two manufacturers examined here, Volkswagen and Peugeot, these crises derived from external factors like the oil crises in 1973 and 1979 as well as from the companies’ internal difficulties in the periods 1971 to 1975 and 1979 to 1985 respectively. This paper asks whether these crises were an occasion for the manufacturers to get rid of traditional company benefits.

Since the middle of the 1960s, Peugeot’s and Volkswagen’s social policies have been marked by qualitative change, notably by a more intense focus on the individual expectations of the employees, a greater economic conditionality of social benefits and a concentration on the target group of the employees. The article reveals an ambiguous picture of cost cutting in the social domain: While the crises facilitated the questioning of company benefits, most restrictive measures, if ever realized, remained temporary. Moreover, new social initiatives were created despite the crises. Summing up, the crises provided an argument for restricting social policy, but few benefits were definitely eliminated until the end of the 70s. The main reason for the repeal of some social benefits was not their costliness, but that they did no longer correspond to the needs of employees. The following case study suggests that companies do not generally reduce their social benefits during periods of economic crisis.

During the last decade, historians have more and more started to investigate the 70s, which are often described as a time of crisis— as the «end of confidence», the «end of the «Golden Age»» or simply the period «after the boom». The 70s were affected by prominent fluctuations in various industries, especially for the key industry

1 A travel grant of the Gesellschaft für Unternehmensgeschichte permitted my participation in the European Business History Conference in Glasgow at which a draft of this paper was presented. I am also grateful to the Gerda Henkel Stiftung and the German National Academic Foundation for their funding of my dissertation project. Furthermore, I would like to thank Manfred Grieger and Daniel Siemens for their critical comments. Remaining mistakes and inconsistencies are my sole responsibility.


of the *Wirtschaftswunder*, the automobile branch.\(^4\) Given that companies influence people in their private lives and in their behaviour, research on corporate social policy can provide information not only about this policy itself, but also about societal developments in that decade.\(^5\) Since semantically, the Greek word *crisis* describes situations in which path-breaking decisions have to be taken, it seems fruitful to investigate how companies modify their social policies in reaction to economic crises. Several historians have pointed out that corporate welfare increased during times of economic crisis in the first half of the 20\(^{th}\) century.\(^6\) For the 70s, the effects of financial crises on national social policies have been studied,\(^7\) but companies’ socio-political reactions to the crises have seldom been researched so far.

On the basis of the cases of the automobile manufacturers Volkswagenwerk and Automobiles Peugeot,\(^8\) this article examines the question of whether the companies regarded the economic crises of the 70s as an occasion to dispose of conventional social benefits. Or did they simply adapt their social policies to new circumstances posed by changing attitudes and expectations of their employees?\(^9\) Notably since the strikes of 1968, the employees have demanded more self-determination and a greater reliability of social measures.\(^10\)

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10 In his history of mentality of the chemical company Bayer Markus Raasch exposes that the omission some social benefits at the Bayer plant in Dormagen in this period was mainly due to the employees’ changing needs. Raasch, *«Wir sind Bayer»* (cf. n. 6), 344.

10 Cf. Volkswagenwerk [hereafter VWW], Minutes of the meeting of the joint works council on 3.5.1973, 5, in: Unternehmensarchiv der Volkswagen Aktiengesellschaft.
Volkswagen and Peugeot which both rose to important generalist manufacturers during the post-war boom era, provide excellent cases for analysis of the period of the 70s because they both faced menacing situations during this period which they perceived as crises. These resulted from external factors as the breakdown of the Bretton Woods system, from the oil crises following the Yom Kippur War in October 1973 and the overthrow of the Shah of Iran in January 1979 as well as from internal mistakes. Due to a mistaken model policy which later was accompanied by the effects of the first oil price shock, for instance, Volkswagen underwent sales crises during the 70s. From 1971 to 1975, the total revenue of the Volkswagenwerk AG stagnated at a little more than eleven bn Deutsche Mark, the already low net income dropped from 12.1 mn to a deficit of 145.0 mn Deutsche Mark, while production dipped from 1.7 mn to 1.1 mn cars. At the same time, Volkswagen reduced its workforce from more than 130,000 to about 93,000 employees. During the second oil crisis, turnover continued growing, though between 1979 and 1981, profits decreased from 437.9 to 120.4 mn Deutsche Mark and production from 1.4 to 1.2 mn cars. For its part, Peugeot did not suffer as severely from the 1973 oil crisis. In fact, the volume of sales before taxes even increased to 9.9 bn Francs in 1974. However, net profits shrank from 215.1 to 52.1 mn Francs, and the number of cars produced decreased from 766,000 to 731,000. After having acquired Citroen in 1974 as well as Chrysler Europe in 1978, the second oil price shock hit Peugeot hard. Whereas the company’s revenue before taxes continued to grow in the early 80s, it operated at a loss of about one bil Francs after the merger with Chrysler Europe in 1980. This marked a major contrast to profits of nearly 800 mn Francs for Automobiles Peugeot in 1979. Furthermore, national production levels decreased from 865,500 to 734,500 Peugeot cars and to 653,700 in 1982. The personnel of Automobiles Peugeot decreased from the 67,844 employees in 1979 to 56,563 employees in 1985, and the decrease was even more dramatic proportionately in Peugeot’s home base in Sochaux. These reductions in staff were facilitated by the early retirement of employees and by the proposal of dissolution contracts to which the joint works council of Volkswagen as well as the Peugeot-Sochaux works council consented. In this way,
employee representatives tried to achieve the best possible conditions for the employees leaving, but also to maintain the company’s social policy unchanged for the remaining personnel and to secure its jobs.\textsuperscript{17}

Companies try to attract and to retain the employees necessary for their production by procuring social benefits, which according to Wolfgang Zollitsch can be understood as «all measures a company provides beyond wage and salary, as well as legal and collectively agreed social benefits, in order to improve the economic situation and the social protection of the workforce and which have to be counted as operational costs».\textsuperscript{18} This includes both benefits such as the allocation of loans for the construction of privately owned houses as well as staff suggestion schemes. In the first case, a company reduces its liquidity and renounces a part or all of the interest it could have gained from the sum given as building grant. In the second case, a firm strives to improve its productivity by involving its employees, who only receive a fraction of the economic benefits brought about by their suggestions. Nonetheless, the company defines the level of these bonuses itself and can be more or less generous. In any event, the awards clearly reduce the company’s profits. Often, however, in this and other cases, the economic and other effects of granting social benefits are not measurable.

In the second half of the 20th century, other actors than the management gained influence on the formation of corporate social policy, not least because works councils and labour unions were legally strengthened.\textsuperscript{19} To an increasing degree, social benefits were not unilaterally conceded by the company, but negotiated by the personnel or by general management with the employee representatives. Most of the sources employed in this article reflect the managements' and the works councils' point of view. When negotiating social benefits, both agents took into consideration the employees’ expectations as they perceived them. Therefore, it seems justified to present the perspective of these actors rather than that of the employees themselves, not least since individual needs and behaviours can hardly be reconstructed.

Volkswagen as well as its main plant Wolfsburg, which was situated near to the German-German frontier after World War II, had only been founded in 1938. During the war, few tenements were constructed. After 1945, the plant expanded rapidly and the region remained mono-industrial. There was an infrastructure deficit which the com-


\textsuperscript{17} AP, Minutes of the Sochaux works council meeting on 7.11.1980, 42, in: CGT; Thomas Haipeter, Mitbestimmung bei VW. Neue Chancen für die betriebliche Interessenvertretung?, Münster 2000, 153; Werner Widuckel, Paradigmenentwicklung der Mitbestimmung bei Volkswagen, Wolfsburg 2004, 20.


pany tried to combat with social measures, particularly by funding construction of apartment houses. In France, a Peugeot plant had been situated in Sochaux from 1912 and had become the main factory well before World War II, but it still grew significantly after 1945. Similarly marked by a single dominant industry, the region around Montbéliard faced infrastructure shortcomings which Peugeot, too, sought to compensate for through social spending. With regard to housing, Peugeot also made important efforts, but funded privately owned homes to a higher degree than Volkswagen. It also developed a broadly based works bus system.\(^{20}\) The two automobile manufacturers were far from the only companies facilitating the construction of accommodations in this period.\(^{21}\) However, both companies spent an important amount for their social policies. Volkswagen’s «voluntary» or «additional» social benefits, for example, represented 22.4 per cent of the annual payroll in 1950, 19.6 per cent in 1965 and 33.8 per cent in 1980. Together with legal obligations they reached about a third, 38.8 per cent and 61.5 per cent of salaries. At Peugeot, social charges corresponded to 40.8 per cent, 30.9 per cent and 38.3 per cent of the annual payroll. In 1965 and 1980, Volkswagen spent 6.1 per cent and 13.2 per cent of its revenue on social costs; Peugeot laid out 2.2 per cent and 7.9 per cent of revenue in each of these respective years.

During the first years after World War II, Volkswagen and Peugeot mainly provided food and other goods as well as financial aid for their employees. As soon as the food shortage declined, both companies established a basis for their future social system such as their suggestion schemes or their vacation policy. Since the early 50s, their social policies have been marked by quantitative advancement of their existing benefits, for example the investment of great resources in profit sharing, in the provision of further vacation homes or in the construction of tenements. Both automobile manufacturers have concentrated on qualitative changes in their social policies, such as the modernization of their free time activities or the codification of financial benefits since the mid-60s.\(^{22}\)

These qualitative transformations of corporate social policy will be explored in two steps. In the first part below, trends in the development of the social policies of the two companies will be discussed. The second part deals with the question of whether the crises of the 70s were accompanied by a reduction of social benefits.

### Qualitative Changes in the Corporate Social Policies

The following part will explore the changes of the content of the social benefits. Although different levels could be examined, the study will be restricted to three trends which are considered typical for this period: The priority on the employees’ individual


needs; the advancing economic conditionality of social benefits; and finally, the focus on the employees as main target group.

A concern of these companies was the increasing consideration of personal wishes, the so-called individualization of social policy. It paralleled the same societal process that involved a pluralization of lifestyles. Important factors for this development were the changing and diversifying expectations of the employees due to a rise in living standards as well as the decision of some companies to bypass labour unions by establishing a more direct relation between the employer and his employees. This was a reaction to the strikes of 1968 in which large numbers of French workers had taken part and of which Peugeot and Renault had been symbols. After this movement, the French state and the companies conceded among other things greater financial security to workers by establishing the monthly payment and thus higher sickness pay for all employed. Peugeot and Renault concluded agreements to that effect for the majority of their workers in March 1970. Further contracts were agreed at national level, for instance on the improvement of working conditions.

After World War II, most corporate social offers had been organized for the employees collectively, whereas since the 60s there was a movement towards more individual services. At Peugeot, this can be observed in the start of diverse forms of family vacation that joined and sometimes displaced previous company vacation schemes for children and youths. The Peugeot plant in Sochaux increasingly facilitated its employees’ families going on vacation by reserving beds from vacation organizations, later on also by providing financial backing to families with low income, and by acquiring company vacation homes. Volkswagen went in the same direction. Until 1969, its permanent employees had gained, depending on their activity, an additional vacation every year.

Then, the company introduced a choice between a stay in a company recreation home with other employees and a lump sum for a self-organized vacation that the employees could spend together with their families.28

Another example for the individualization, which will be considered in more detail here, was the rise in the funding of privately owned houses, starting in the early 60s and increasing in the 70s. This process paralleled an increase in the home ownership ratio within each of the national contexts.29 Both companies had established their building loan system long before the 70s. Peugeot in fact had already issued advantageous building credits in the 19th century,30 whereas Volkswagen introduced an interest-free system in 1949.31 However till the 60s, both companies funded construction and maintenance of apartment houses on a large scale. They were built by organizations which were dominated by the automobile manufacturers, so these allocated the tenements according to guidelines which included social as well as economic aspects. At the same time, both the German and the French states strongly promoted the construction of public housing.32

Having subsidized the construction of about 5,000 privately owned homes in Sochaux from 1946 to mid-1966, Peugeot considered that individual housing became more and more important, in consequence of rising living standards.33 Therefore, the company focused even more on the funding of privately owned homes during the 70s than before. From January to October 1978, 1,856 employees received a building credit, which corresponded to 2.7 per cent of the workforce. With 63 per cent of these building loans allocated to employees in Sochaux,34 recipients of the credits in the company’s home base exceeded that of all Automobiles Peugeot employees proportionately. This priority for Sochaux probably resulted from the situation of the main plant in a sparsely populated area. Furthermore according to the works management of Sochaux, the people in this region preferred housing property to collective tenements.35

The Comité Régional de Logement de Belfort-Montbéliard (CRL), later on de Franche-Comté, was an institution with equal representation of companies and works councils...
that distributed building loans for Automobiles Peugeot to its employees. Data on the other societies issuing construction loans to Peugeot employees could not be found, but the existing files do not indicate any reason why Peugeot should have modified the extent to which it subsidized different housing organizations. Furthermore, the CRL was an important agent for the region of Montbéliard. In 1978, it allocated 878 of the 2,095 construction loans financed by Peugeot for all its employees.\(^\text{36}\) The building credits were not restricted to construction of new housing, but they could also be employed for the purchase of existing accommodation, for the renovation of homes and for the acquisition of a building site. From 1972 to 1980, the CRL annually allocated more than three mil Francs to Automobiles Peugeot employees, except in 1977. The number of building loans attributed per employee of Automobiles Peugeot (see Figure 1) declined on average from 1974 until 1977. In 1977, Automobiles Peugeot funded the construction of 572 family homes by the CRL with only about 2.9 mn Francs. It was on the verge of losing its predominance in the subsidization of privately owned homes in the CRL, as only 53.5 per cent of the total amount distributed by the CRL went to employees of Automobiles Peugeot – in 1973, it had been 82.6 per cent. A probable reason for this development can be seen in the stagnation of employment during that period. After 1977, there was a resurgence in the number of building loans per employee issued by the CRL on behalf of Automobiles Peugeot which reached its climax in 1979.

Taking a closer look at the amount of money invested in building credits, the picture differs only slightly from the number of loans. In 1974, the inflation-adjusted\(^\text{37}\) building loans per employee rose slightly instead of decreasing like the quantity of credits, whereas in 1979, the number of CRL-loans increased more strongly than the value distributed. That means that there was no immediate effect of the second oil crisis on the building loans, but with the aggravation of Peugeot’s situation in 1980, both figures decreased.

Volkswagen had also concentrated on the funding of privately owned homes since the 60s because the employees’ demand for these building loans rose and because it was cheaper for the company than credits for new tenements.\(^\text{38}\) The share of private homes in all subsidized accommodations rose from 38.2 per cent in 1965 to 45.8 per cent in 1970. Since 1949, the company had funded the construction of about 13,000 privately owned homes for the employees of its plants. The amount of approved loans reached 4.1 mn Deutsche Mark in 1965, and rose even higher to 8.9 mn Deutsche

\(^{36}\) AP, Vite et loin, No. 288, April-May 1979, 27, in: Musée l’Aventure Peugeot [MP]; AP, Minutes of the Sochaux works council meeting on 28.6.1979, 182, in: CGT.


\(^{38}\) VWW, Note to the board on the increase of the building credits for the construction of privately owned homes by the works employees, 16.1.1969, 1, in: UVW, Z 373 No. 452/1; Engelen, *Betriebliche Wohnungspolitik* (cf. n. 20), 197.

Mark in 1969. During the following years, Volkswagen increasingly subsidized privately owned homes. During the 70s, the company annually disbursed more than eleven mn Deutsche Mark for employees constructing their homes, except for the years 1975 and 1976. The graphs in Figure 2 reflect the company crisis during which Volkswagen suspended issuance of building credits from September 1974 until December 1976. The construction of social housing was also stopped. Afterwards, the building of tenements for the employees was not resumed as before. The Volkswagen real estate companies concentrated on management and renovation of their housing stock instead of constructing new social housing.

Although funding of the individual construction for employees started again after the building loan stop was annulled, the real building credit per employee remained less than it had been previously until the guidelines suspended 1974 were reinstated in 1978 following repeated worker demands. Furthermore, the employees could use the credits for the acquisition of an existing accommodation or the renovation of their

Figure 1: AP building loans by the CRL

In 1980, the real amount Volkswagen spent per employee finally exceeded the rate of 1972. The number of homes constructed with the help of Volkswagen’s building credits stagnated after a short increase in 1977 which had probably been due to the backlog after the interruption of the building loans. In 1980, it rose again. This means that the oil crisis of 1979 left hardly any traces in the number of building loans issued or the amount of money distributed for them in 1979 and 1980. This development can be explained by another large improvement of the building loans in 1979 and by the expansion of employment in the company in these years. Labour director Karl-Heinz Briam stated at an employees meeting on 13 December 1979 that Volkswagen was suffering less than other automobile manufacturers from the second oil shock.

From 1971 to 1980, Volkswagen financed the construction of 12,952 family homes, whereas the CRL assigned 7,450 building loans to Peugeot employees from 1972 to 1980. In a nutshell, approximately 1,000 to 2,000 employees annually benefited from a company building loan in both firms. After the first oil shock and Volkswagen’s crisis of home. In 1980, the real amount Volkswagen spent per employee finally exceeded the rate of 1972. The number of homes constructed with the help of Volkswagen’s building credits stagnated after a short increase in 1977 which had probably been due to the backlog after the interruption of the building loans. In 1980, it rose again. This means that the oil crisis of 1979 left hardly any traces in the number of building loans issued or the amount of money distributed for them in 1979 and 1980. This development can be explained by another large improvement of the building loans in 1979 and by the expansion of employment in the company in these years. Labour director Karl-Heinz Briam stated at an employees meeting on 13 December 1979 that Volkswagen was suffering less than other automobile manufacturers from the second oil shock.

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about the same time, building loans and the real amount spent on them per employee were reduced. The second oil crisis did not directly affect the companies’ expenses for building loans, but Peugeot spent less money on these credits due to its sales crisis in 1980.

It cannot be claimed that social benefits had not been economically conditioned before the middle of the 60s, because the practice of corporate social policy to some extent is always reliant on the sums available. Likewise, these depend at least indirectly on the social benefits granted.46 In the early post-war era, big companies like Volkswagen and Peugeot introduced bonuses on the condition of economic accomplishments of an individual, of a group or of all employees, or of the financial success of the firm. Nonetheless, with the economic situation becoming more imponderable beginning in the mid-60s due to the internationalization of business and the consequent struggle for competitiveness, both automobile manufacturers like other companies concentrated more and more on social benefits that depended on these factors.47 For instance, Peugeot offered workers and employees that had a maximum of 14 absences during a year additional leave days which could also be used to anticipate retirement.48

The progressing economic conditionality of social benefits can be demonstrated by the example of the companies’ increasing encouragement of suggestions. More than ever, employees’ suggestions to make production more efficient were valued by management. Admittedly, the system was directly economically beneficial to the company and «paid for itself». In 1951, Peugeot had established a suggestion scheme in Sochaux, which over the years had been improved to the benefit of the employees and especially the workers.49 In contrast to the suggestion system at Volkswagen, all Peugeot employees profited from suggestions to a certain amount, since a worker being the author of an idea only obtained a flat rate sum and a quarter of the company’s savings during the first three months of implementation. 30 per cent of the economies attained were left to Peugeot, and the author’s work unit, later on all workers, received 45 per cent of the saving during the same period.50 Likewise 45 per cent of the savings brought about by


48 AP, Minutes of the Sochaux works council meeting on 25.4.1977, 51, in: CGT; Hatzfeld 2002 (cf. n. 14), 397.

49 Journal d’information du personnel Peugeot-Sochaux 5 (24.4.1970), 6, in: MP. In the plant in Mulhouse, a similar system was only established in 1967. AP, Vite et loin, No. 301, March-April 1981, 15, in: MP.

50 AP, Courrier des usines Sochaux-Montbéliard 20 (November 1951), 3, in: MP.
suggestions of the white-collar employees were distributed to the workers, with 25 per cent of the savings allocated to the white-collar employees of their division. In 1970, the suggestion scheme was enhanced for workers. From that point, 70 per cent of the economies resulting from suggestions of the white-collar employees and 45 per cent of the savings achieved through suggestions of workers were placed into collective funds that were equally distributed between workers and salaried employees. Meanwhile, remuneration for workers for their own suggestions persisted. Peugeot underlined, for instance, in 1977 that some exceptional ideas earned an author bonuses of up to 30,000 Francs each. Beginning in 1973, a worker being the author of a suggestion received 30 per cent of the economies achieved during three months of implementation and the remaining 70 per cent were invested in the fund. These economies were distributed twice a year to the associated blue- and white-collar workers as a percentage of their individual salary. For instance, the workers and employees received, dependent on collective results, a suggestion bonus of 2.1 to 3.9 per cent of the first trimester’s salary in 1971. The improvement of the suggestion scheme as well as its promotion in the company newspaper contributed to the increase of the ideas handed in. From 1951 to 1971, about 188,000 suggestions had been submitted in Sochaux. From 1972 to 1977, more than 114,000 proposals followed.

Unfortunately for the period considered here, there were no data available on Peugeot’s expenses for the suggestion scheme in Sochaux in 1978 and 1979 (see Figure 3). Although the nominal sums that Peugeot spent on the suggestion scheme were rather stable and rose after 1972, the average amount per employee decreased for some years: While in 1967, Peugeot had spent 672 Francs per employee in Sochaux for suggestion awards, this sum dropped to 472 Francs in 1972 or 360 Francs in real terms. Inflation-adjusted, the expenses per employee hit a peak in 1973 again and only started rising again in 1976. The company magazine and newspaper indicate that in 1979 and 1980, there was no backsliding of the suggestion award per employee to the local minima of 1974/75, as Peugeot distributed 48 mn Francs as suggestions awards for the first half-year 1980. This corresponded to 454 Francs 1967 per employee in Sochaux and thus surmounted the sum distributed for the whole year 1976. Despite of high rates of participation from personnel, however, less than 60 per cent of 1,322 participants in a sur-
Volkswagen created its suggestion scheme in 1949, but after a short period in the early 50s, it stagnated and only regained significance in the mid-60s with the improvement of the award system.\textsuperscript{63} The retirement of the former manager in charge in 1969 was an opportunity for the personnel division to take over the responsibility for the system,\textsuperscript{64} so that the department responsible, \textit{Vorschlagswesen} (Suggestion Department) passed into its control. Since that time, the system was more strongly promoted among the employees and the individual awards were raised. The participation rate increased so fast that it took Volkswagen only a few years, until 1972, to equal and even surpass those of ten other West German automobile manufacturers and suppliers.\textsuperscript{65} Moreover, Volkswagen improved its award system in that year – for a suggestion leading to a calculable saving, an employee received 30 per cent of the economies achieved during the first year of implementation. A successful idea could be awarded with an amount of up to 100,000 Deutsche Mark.\textsuperscript{66} In 1970, 3,714 suggestions had been handed in, but in 1979, the employees submitted 27,537 ideas. While the number of suggestion awards constantly increased except in 1979, the sums distributed in average per employee did not (see Figure 4). It is striking that the company paid the highest amounts for sugges-

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure3.png}
\caption{Expenditure for AP suggestion awards in Sochaux}
\end{figure}

\textit{Sources:} Journal d’information du personnel Peugeot-Sochaux 42 (2.11.1972), 6; 61 (24.10.1973), 16; 139 (1.12.1977), 2; 146 (17.3.1978), 5; AP, Vite et loin 301 (March-April 1981), 7, in: MP.

\textsuperscript{62} AP, Vite et loin, No. 257, November-December 1975, 22f., in: MP.
\textsuperscript{63} VWW, Annual report of the main department inspection 1965, 5, in: UVW, Z 174 No. 1304; VWW, Annual report 1966, 24.
\textsuperscript{64} VWW, Minutes of the board meeting on 24.2.1969, 2, in: UVW, Z 373 No. 452/1.
\textsuperscript{65} VWW, Annual report of the personnel and social resort, 1972, 10ff., in: UVW, Z 69 No. 708.
\textsuperscript{66} VWW, Company agreement, 5.1.1972, 1f., UVW, Z 119, No. 651/1.
tion awards in the years before the two oil crises had an effect, whereas in the funding of the employees’ home construction, there was no noticeable impact of the second oil crisis.

For the case of Volkswagen, the inflation adjustment does not change the general development of the outlays, but it indicates that the amount spent per employee in 1978 effectively was no higher than in 1973. Nonetheless, on average the real suggestion award per employee rose at Volkswagen in the 70s, and an increasing number of employees got involved in the system: On average, 4.9 per cent of them received a suggestion award in 1980, seven times as many as in 1969. Volkswagen awarded the ideas of more and more applicants at the cost of lower bonuses on average for accepted ideas accepted – in 1973 the average suggestion award accounted for 2,579 Deutsche Mark, but this figure decreased to 971 Deutsche Mark in 1980. This way of doing things made good headlines,67 although real expenses increased only occasionally.

Given the sums distributed as suggestion awards, Peugeot’s suggestion scheme can be considered as a combined suggestion and a bonus system, which explains the greater stability of its distributions. Although the amount distributed per employee advanced in 1976, it did not reach the high sums paid in the late 60s. The suggestion scheme of Volkswagen developed differently because the system had another position and dimension in the company’s policy. Its main aim was to save costs and therefore workable ideas received awards.68 Nonetheless in both companies, the real expenditure on sug-

67 VWW 1982 (cf. Figure 2), 18.
68 VWW, Annual report of the inspection and laboratory resort 1967, 7, in: UVW, Z 174 No. 1304.
gestion awards per employee sank after the first oil crisis, whereas for the second shock, this effect can only be observed at Volkswagen. Apparently, it was not necessary for the companies to spend more money on awards in order to encourage a higher participation of the employees.

In accordance with the increasing economic conditionality of social benefits, companies committed themselves more and more to providing benefits targeted specifically at their employees. Although this may be regarded as self-evident from today’s perspective, it should be underlined that the employees’ wives and children had been important target groups until the middle of the 60s. An example for the focus on measures in favour of employees directly is the so-called improvement of working conditions, which companies in Europe concentrated more and more on starting in the beginning of the 70s.69 Progress in the enhancement of the working environment was due to different factors: a rising challenge by stakeholder groups;70 important conflicts between workers and their employers in large firms since the end of the 60s;71 as well as actions of the bargaining partners or the public authorities. Examples of the latter are the French loi relative à l’amélioration des conditions de travail,72 adopted on 27 December 1973,73 and the institution of the research program Humanisierung der Arbeit74 in Germany in 1974, which shaped this process.

It will not come as a surprise that Peugeot and Volkswagen participated in this wave. Peugeot claimed that it had always cared for providing a stable employment and good working conditions for its employees. The General Director Jean Baratte put it as follows: «The personnel’s security and the improvement of its working conditions have always constituted one of our principal objectives, and well before the public opinion seized it and the respective legislation was developed. Our policy aims at answering the aspirations of human beings who need to find living conditions in their work being in compliance with those they experience outside the company.»75 Although Baratte argued that Peugeot had always tried to provide good labour terms, it can be observed

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72 I.e. law concerning the improvement of the working conditions.


74 I.e. humanization of work.

75 «La sécurité du personnel et l’amélioration de ses conditions de travail ont toujours constitué l’un de nos objectifs prioritaires, et ceci, bien avant que l’opinion publique ne s’en empare et que la législation ne se développe. Notre politique vise à répondre aux aspirations des hommes qui ont besoin de trouver dans leur travail des conditions de vie en harmonie avec celles qu’ils connaissent en dehors de l’entreprise.» AP, Vite et loin, No. 270, Mai/June 1977, 1, in: MP.
that the company also strengthened its communication policy concerning this policy during the 1970s.\textsuperscript{76} A commission of the Sochaux works council on the working conditions had already been formed in July 1963,\textsuperscript{77} but it was mainly during the 70s that Peugeot invested large sums in the improvement of the labour environment. The declared objective was to fulfill the employees’ psychological, material and social needs. From 1973 to 1975, the company spent 145 mn Francs, i.e. about 2.7 per cent of the payroll, for the improvement of working conditions. In 1978, the corresponding investment budget in Sochaux represented 40.3 mn Francs, in 1979 37.8 mn Francs and in 1980 9.0 mn Francs.\textsuperscript{78} The company justified its reduction in 1980 by pointing to the high amounts dispensed in the preceding years.\textsuperscript{79}

Although Volkswagen did not employ the phrase enhancement of working conditions as early as Peugeot, it stated to have «always strived for the goal of improving the working systems by a humane formation of the working conditions.»\textsuperscript{80} Since 1974, the company’s plant in Salzgitter participated in a research program concerning the modernization of working structures.\textsuperscript{81} Contributing to the «efforts of humanizing the working environment», social investments amounted to 70 mn Deutsche Mark between 1971 and 1975. Those were about 0.5 per cent of the annual payroll. The comparison with the additional social benefits, amounting to about 732 mn Deutsche Mark only in 1975, shows that the improvement of the working conditions was not Volkswagen’s financial priority. Nevertheless, the company emphasized its commitment in its annual and personnel reports.\textsuperscript{82} In the following years, the enhancement of labour conditions gained in importance for Volkswagen which planned to spent 22.1 mn Deutsche Mark on social investments in 1979, 71.9 mn Deutsche Mark in 1980 and 58.8 mn Deutsche Mark in 1981.\textsuperscript{83}

The following paragraphs will concentrate on a more tangible measures in support of employees. Both Volkswagen’s compensatory wage in the case of decreased output and Peugeot’s Assurance contre les aléas de la carrier (ADAC) are instructive case studies since they were both meant to ensure a more stable income to workers. Let us start with Volkswagen. In 1960, the works council and the company’s management concluded a company agreement, guaranteeing workers continued pay for three months in case of absence due to illness, age or accident. The company also committed itself to search for an appropriate new job. After this time, the workers received a monthly

\textsuperscript{76} Vigna, \textit{L’insubordination} (cf. n. 26), 312.
\textsuperscript{77} AP, Minutes of the Sochaux works council meeting on 12.7.1963, 5, in: Archives of the Peugeot-Sochaux works council outside the plant [CE2], PV-Comité d’Etablissement divers 65-62-63-69.
\textsuperscript{79} AP, Annual report 1980, 14.
\textsuperscript{80} «Die VW AG verfolgt schon immer das Ziel, Arbeitssysteme durch menschengerechte Gestaltung der Arbeitsbedingungen zu verbessern.»; VWV, Annual report of the personnel and social resort 1976, 38, in: UVW, Z 69 No. 712.
\textsuperscript{81} VWV, Annual report of the personnel and social resort 1975, 34, in: UVW, Z 69 No. 710.
\textsuperscript{82} VWV, Minutes of the meeting of the production manager, personnel manager and the board of the joint works council on 2.7.1976, annex 2, in: UVW, Z 119 No. 154/3.
\textsuperscript{83} VWV, Annual report 1978, 40; VWV, Annual report of the personnel and social resort 1976, 55, in: UVW, Z 69 No. 712.
\textsuperscript{84} VWV, Annual report of the personnel and social resort 1979, 26, in: UVW, Z 69 No. 715.
compensation for their loss in wage, providing they had been employed for at least 15 years and were at least 50 years old or had had an accident. Within certain limits, Volkswagen recompensed workers at an age of 50 years with 75 per cent of the difference between their former and their new wage in addition to their salary, whereas a worker aged at least 55 years or disabled due to an accident on the job received 100 per cent of his previous wage. For other employees, a similar arrangement was made.85 Since 1963, the continued pay was extended to six months and the compensatory wage also accounted for increases in the general wages.86

Beginning in October 1969, every plant had a commission consisting of management and employee representatives equal in numbers. It was occupied with providing adequate jobs to the workers affected.87 Following negotiations with labour unions, the 75 per cent compensation was increased to 80 per cent in 197088 and to 90 per cent in 1976.89 In 1972, 133 workers received 80 per cent compensation in addition to their wage and 727 workers obtained a 100 per cent compensation at the Wolfsburg plant. These were eleven per cent of the workers aged from 50 to 65 years.90 Two years later, the first figure had risen by 61.7 per cent to 215 workers, the second stagnating at 736 workers.91 Until 1978, the number of employees with compensatory salary grew slightly. Altogether, 1,144 workers received a wage adjustment.92 In 1978, the company spent five mn Deutsche Mark on the salary compensation for aged workers, while its suggestion awards amounted to 6.5 mn Deutsche Mark93 and employee building loans to 12.7 mn Deutsche Mark.94

Peugeot’s ACAC, established in 1974, had a similar function, although it was restricted to just workers. Depending on the risks connected with their job and the length of the employment, the workers regularly received points. From an employment of five years onwards, they could use these points in case of a change to a less-paid position due to illness, accident or age. Alternatively, these points enabled to take early retirement. The system was also free of charge for the workers.95 Mainly workers with a certain length of service as well as a certain capacity benefited from this system, because if a

85 Company agreement between the general management and the works council of the Volkswagenwerk G.m.b.H., Guide lines for the grant of a wage compensation in case of reduced capacity, 11.8.1966, in: UVW, Z 119 No. 104/1; VWW, Minutes of the employees meeting in Wolfsburg on 22.8.1966, sf., in: UVW, Z 119 No. 1191/1.
86 VWW, Minutes of the Wolfsburg works council meeting on 27.5.1963, 1, in: UVW, Z 119 No. 22/1; VWW, Minutes of the employees meeting in Wolfsburg on 11.12.1963, 2, in: UVW, Z 110 No. 1192/2.
89 VWW, Minutes of the board meeting on 1.6.1976, 9 and annex 7, in: UVW, Z 373 No. 188/1.
92 VWW, Annual report of the personnel and social department Wolfsburg 1978, 9, in: UVW, Z 69 No. 713.
94 VWW 1982 (cf. Figure 2), 14.
worker already was at the bottom of the wage scheme, he could not fall deeper within his company. From 1975 to 1980, the «utilization value» of one point increased from one to 1,893 Francs, but in real terms the increase only corresponded to about 15.1 per cent. That meant that the value of the ACAC points, and therefore the possibilities of their use, were slightly increased in these years. Until Mai 1980, less than 1,000 workers benefited from the insurance, this in relation to a workforce of about 37,000 employees in Sochaux. The amount of money spent by Peugeot during this period represented a few mn Francs, considerably less than for the building loans and suggestion awards. Nonetheless, the individual benefit for the affected workers increased.

In both companies, the number of beneficiaries of the compensatory wage was smaller than those who benefitted from building loans. If one compares the expenditure for salary adjustments to subsidies for privately owned homes and outlays for the suggestion awards, it was also lower. Nonetheless, in both companies the compensatory wage was especially improved during the 70s. Compared to social benefits introduced in the 50s and early 60s such as profit sharing, the measures taken during the 70s in particular affected a smaller proportion of personnel and were, Peugeot’s suggestion scheme excepted, less expensive.

A Reduction of Company Benefits?

Having analysed the major changes in the social policies of Volkswagen and Peugeot during the 70s, we now turn to an evaluation of them with regard to the central question formulated at the beginning of the article. With the economic upturn which started some years after the end of World War II, Volkswagen and Peugeot expanded their corporate social benefits. As was the case with other firms, both automobile manufacturers were affected by the market downturn in the middle of the 60s, an effect felt even more deeply in the 70s. As the time of their fast growth seemed over, they tried to limit their general and social costs.

The following section presents the argument that the crisis inevitably made it easier for the companies to cut social costs. In a second step, the fact that many of these cost restriction measures were subject to potential termination will be emphasized. Finally, examples will demonstrate that the social benefits did not only depend on financial calculations, but that they also followed other dynamics like negotiating power and path dependencies like those due to the investment in company vacation homes. Moreover, the crises actually brought about a greater protection of the employees in some respects.
To what extent did the crises enable the companies to shut down or to limit social institutions and benefits? When Volkswagen’s sales crisis seemed overcome in 1972, the joint works council criticized that the personnel department ever increasingly refused to negotiate on social benefits on the grounds that the financial department had fixed monetary limits.\textsuperscript{101} Examining the minutes of the Volkswagen executive board during the difficult time from late 1973 to 1975, it becomes clear that the economic situation was an important argument for the company to restrict social costs. Whereas in October 1973, the board still discussed the recruitment of new employees and approved the construction of residential homes for migrant labourers,\textsuperscript{102} the purchase and material manager Horst Münzner indicated a drastic fall in demand during the past month at the first meeting in January.\textsuperscript{103} Only two weeks later, the board decided to inform the employees that in this situation, the labour unions’ claim for higher wages was unrealistic and dangerous.\textsuperscript{104} This led to a conflict between the board and the labour union \textit{Industriegewerkschaft Metall} that was only solved by an arbitration process.\textsuperscript{105}

On 30 April 1974, the executive board discussed in concrete terms cost savings in the social domain for the first time with regard to the crisis, with specific reference to company vacation homes, canteens and the subsidization of housing construction. At the board meeting on 15 August 1974, the members decided on a bundle of retrenchment measures. The recreation home in Schulenberg, for instance, was to be closed down because the company could save one mn Deutsche Mark by replacing stays in this house with a lump sum to the employee. In addition, the board decided «that with immediate effect no more tenements will be constructed and that the construction of homes won’t be funded any longer».\textsuperscript{106} Furthermore, the chairman called for the restriction, and subsequently, the cancellation of donations to social and other institutions.\textsuperscript{107} These social benefits, the company vacation home, the funding of housing and the donations, were probably chosen for economization for several reasons. They were neither required by law nor by collective agreement, and a saving result could be achieved with almost immediate effect. Besides, the donations were only indirectly beneficial to the employees.

In October 1974, the board decided on further measures to reduce the company’s costs. Among other things, the management considered a reduction of economically conditioned benefits like the annual «special payment».\textsuperscript{108} Although on 1 July 1975, the production manager Günter Hartwich mentioned first signs of a lack of personnel,\textsuperscript{109}

\begin{itemize}
  \item \textsuperscript{101} VWW, Minutes of the meeting of the joint works council with board members on 20.10.1972, 3ff., in: UVW, Z 174 No. 2192.
  \item \textsuperscript{102} VWW, Minutes of the board meeting on 9.10.1973, 3f., and on 13.11.1973, 10, in: UVW, Z 69 No. 731/1.
  \item \textsuperscript{103} VWW, Minutes of the board meeting on 8.1.1974, 10, in: UVW, Z 69 No. 731/1.
  \item \textsuperscript{104} VWW, Minutes of the board meeting on 15.1.1974, 5, and on 23.1.1974, 8f., in: UVW, Z 69 No. 731/1.
  \item \textsuperscript{105} VWW, Minutes of the board meeting on 18.3.1974, 6, in: UVW, Z 69 No 732/1.
  \item \textsuperscript{106} «Es besteht Einvernehmen darüber, daß mit sofortiger Wirkung keine Wohnungen mehr gebaut und der Bau von Wohnungen nicht mehr gefördert wird.» VWW, Minutes of the board meeting on 15.8.1974, 11f., in: UVW, Z 69 No. 732/1.
  \item \textsuperscript{107} Ibid., 13.
  \item \textsuperscript{108} VWW, Minutes of the board meeting on 29.10.1974, annex II, in: UVW, Z 373 No. 175/1.
  \item \textsuperscript{109} VWW, Minutes of the board meeting on 1.7.1975, 13, in: UVW, Z 373 No. 181/2.
\end{itemize}
October the board discussed savings in the social field again. Altogether, negotiations with the works council should lead to a reduction of the voluntary social benefits from 30 to 20 mn Deutsche Mark per annum. Up to this time, three mn Deutsche Mark had been saved by restricting allowances such as those for employees moving. Employee busses, except those for disabled persons, were targeted for cancellation, as well as the vacant residential homes for immigrant labourers at the Berliner Brücke.\(^{110}\)

The first oil crisis did not have the same severe consequences at Peugeot. When the Sochaux works management mentioned the effects of the oil shock to the works council in 1973, there was no indication that Peugeot wanted to react by cutting social costs.\(^{111}\) The impact of the first oil crisis in 1974 and 1975 at Peugeot did not have large-scale implications on the corporate social policy, even though the obligatory profit sharing for the accounting year 1974 dropped to zero and corresponded to just one per cent of the annual payroll in 1975. This was a consequence of the company’s economic situation because the net benefit realized did not exceed 52.1 mn Francs respective 109.7 mn Francs.\(^{112}\) Nonetheless, the number of building loans dropped noticeably in 1974 and in the following years (cf. Figure 1). Its renewed rise starting in 1978 ceased after 1979, probably due to Peugeot’s economic difficulties. Does this indicate an influence of the oil crises on Peugeot’s willingness to distribute building loans? The evidence suggests that in real terms, Peugeot already dedicated less money per employee in 1973, a fact which cannot be attributed to the oil crisis because it occurred before the crisis could have had an effect. In the following year, the real value of the loans per employee actually rose by eight per cent, although it dropped by ten per cent in 1975. Two explanations for these findings are possible. Either the company preferred giving a smaller number of higher loans to its qualified employees during the crisis, or the employees themselves hesitated in asking for building credits in times judged as economically insecure. In any case, the total real amount spent by Peugeot in terms of building loans continued declining until 1977. The company crisis following the acquisition of Chrysler Europe and the second oil crisis caused another reduction that is visible in both graphs in 1980 (see figure 1).

The influence of the crises on Volkswagen’s building credits to employees is ambiguous. Figure 2 shows that beginning in 1974, the number of accepted loans and their value per employee declined due to the credit stop until its revocation in late 1976. It was the company crisis in conjunction with the oil price shock that caused the decrease. However, the oil price shock in 1979 did not lead to a reduction of this benefit. That meant that in both companies expenses for individual construction were strongly reduced during the particular oil crisis that affected the company the most – i.e. the first one for Volkswagen, and the second one for Peugeot. This is not only understandable from the point of view of saving costs, but also taking into consideration the aim of the corporate housing policy, that is attracting and retaining employees. In times of a hiring freeze, housing policy naturally took a back seat.

\(^{110}\) VWW, Minutes of the board meeting on 28./29.10.1975, annex 6ff., in: UVW, Z 373 No. 183/2.

\(^{111}\) AP, Minutes of the Sochaux works council meeting on 27.11.1973, 8, in: CGT.

\(^{112}\) AP, Annual report 1974, 8, and 1975, 12, in: MP; AP, Journal d’information du personnel 126 (18.3.1977), 8, in: MP.

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If the oil shocks were indeed opportunities to decide or at least to discuss the reduction or cancellation of social benefits, it must be underscored that many of the economy measures planned by the management were never implemented, or else they stopped shortly after the crises. In the case of Volkswagen, a general and lasting reduction of the social benefits was not realized. For instance, the executive board did not carry out the sale of the vacation home in Schulenberg because at first, the works council opposed it,\(^\text{113}\) and then it proved to be unsalable.\(^\text{114}\) Unlike what had been planned, expenses for the annual «special payment» even rose.\(^\text{115}\) Nonetheless, the additional social benefits which had cost 897 mn Deutsche Mark in 1974 dropped to 732 mn Deutsche Mark in the following year. Taking into account the simultaneous reduction in staff from more than 111,000 employees to about 93,000, the additional social expenses per employee diminished inflation-adjusted by 7.7 per cent. Already in 1976, the total amount rose to more than one bn Deutsche Mark so that the additional social expenses were even higher than before.\(^\text{116}\)

A reason for this development was that the joint works council expected the executive board to be obliging in regard to social measures as a concession for the council’s cooperation in terms of the reduction in labour.\(^\text{117}\) Evidence in support of this hypothesis exists in the files of the employees’ representatives of 1976. A to-do list of the joint works council mentioned the request of the personnel manager Peter Frerk to reduce voluntary social benefits. It had been commented on in handwritten form: «we take no note of it!»\(^\text{118}\)

Moreover, corporate social policy was influenced by path dependencies because most of the social institutions that had been founded or acquired by the companies like the recreation homes could not be closed down immediately which sometimes prevented their cancellation at all. The managers were aware of these problems. In 1974, for instance, Frerk described the complete elimination of social benefits as virtually impossible so that in his opinion the goal had to be stopping or at least decelerating the increase in costs resulting from such benefits.\(^\text{119}\) Besides these constraints, the management also had an interest in ensuring that cuts in social benefits remained only temporary, not least because certain benefits like the housing policy served a direct purpose for the company. The case of Volkswagen’s housing subsidization illustrates the temporary nature of many decisions on cost cutting in the social domain. Although in the long run, building loans were thought to substitute for social housing,\(^\text{120}\) their allocation was also

\(^{113}\) VWW, Minutes of the meeting of the joint works council on 21.6.1972, UVW, Z 119 No. 514/2; VWW, Minutes of the board meeting on 29.10.1974, 12, in: UVW, Z 373 No. 173/1.

\(^{114}\) VWW, Minutes of the board meeting on 5.11.1974, 7, in: UVW, Z 373 No. 176/3.


\(^{117}\) VWW, Minutes of the meeting of representatives of the board and the joint works council on 25.11.1974, Draft version joint works council, 10, in: UVW, Z 119 No. 678/1.

\(^{118}\) «nehmen wir nicht zur Kenntnis!»; Things to deal with for the joint works council respective its board, undated [2nd half of 1976], in: UVW, Z 119 No. 516.

\(^{119}\) VWW, Minutes of the board meeting on 30.4.1974, in: UVW, Z 69 No. 732/1.

\(^{120}\) VWW, Board motion: Increase of the building loans for the employees’ individual construction, 4.2.1969, 1, in: UVW, Z 373 No. 452/1.
restricted during the crisis, but only until December 1976. In both companies, the number of privately owned homes constructed with funding from the companies diminished after 1973 for a certain time. For Peugeot, this happened again after 1979 in response to the company crisis.

With regard to Volkswagen’s suggestion scheme, there were visible breaks following the oil crises: The highest awards per employee occurred in 1973 and in 1978, before the crises had their impact on the company. After decreases in 1974/75 as well as in 1979/80, the real suggestion award per employee recovered in 1982. Even though in Sochaux, the rock bottom of the real award per employee was also hit in 1975, the awards paid show a different picture than at Volkswagen. Notwithstanding that in 1976 the amount per employee started growing again, it did not exceed the amount distributed by Peugeot in 1969. What does this development indicate? After the first oil crisis, Volkswagen and Peugeot spent less money per employee on suggestion awards, this even though it may seem illogical for companies not to promote the suggestion scheme during a crisis, because it could help reduce costs. On the other hand, the saving effect of the employees’ suggestions may have been increased by other means, e.g. by giving some especially high awards as a symbolic gesture. Even though the decrease at Peugeot coincided with the first oil crisis, the larger picture shows us that inflation-adjusted, Peugeot’s suggestion awards per employee decreased each year from 1968 at the latest, 1973 excepted. Therefore, the first oil crisis seems only to have contributed to the reduction of the suggestion awards. In 1979, Volkswagen distributed 23.4 per cent less per employee in real terms for the suggestion scheme which cannot be explained without referring to the second oil price shock. In contrast, Peugeot’s average suggestion award nearly doubled between 1977 and 1980. The lesser effect of the crises on Peugeot’s suggestion scheme can be explained by the fact that the company attached great importance to its suggestion system and also to the fact that the distribution of the awards constituted a bonus that the employees counted on. Besides, suggestion awards qualify for cost-cutting to a lesser extent than other social benefits because they are meant to offer an incentive to reduce costs for the company. That was an important argument to develop them during the 70s when the major preoccupation of automobile companies was with cutting their costs. For example, the CEO of Volkswagen, Rudolf Leiding, conceived of the employees’ suggestions as a contribution to getting out of the crisis. It was in the companies’ interest to promote the system especially in difficult times, but it seems that for Volkswagen it was not necessary to distribute more money to keep it going.

Since Volkswagen experienced more profound consequences through the sales crisis in 1974/75 than Peugeot, it is not surprising that Volkswagen temporarily reduced a greater range of benefits: For instance, subsidies for free distribution of milk as well for


122 VWW, Note on the invitation of the Automobile works Peugeot SA, Paris, to a study journey of experts on corporate suggestion schemes on 27th and 28th September, 1976, 1, in: UVW, Z 119 No. 651/1.

123 VWW, Minutes of the board meeting on 15.8.1974, 13, in: UVW, Z 69 No. 732/1; Grieger 2008 (cf. n. 16), 51.
the transportation of employees without disability were restricted, and building loans and construction of tenements were stopped. However, the company was not able to lower the expenses for the Christmas bonus or the «special payment» because they had been fixed by collective agreements in 1964 and 1973. Concerning Peugeot, lasting social cuts were mainly carried out during the deep company crisis from the late 70s to the mid-80s, an example being the sale of the supermarket chain Ravi, which had offered advantageous prices to employees, in 1983.

Having discussed the influence of the sales and oil crises on Peugeot’s and Volkswagen’s corporate social policies, one cannot pass without having a word about improvements brought about by them, as well as about other important changes which happened in parallel with, but unrelated to the crises. For example, Peugeot’s general personnel expenditure actually increased by a nominal 13 per cent in 1974 and again by 14 per cent in 1975, since the company wanted to maintain employees’ purchasing power despite the high inflation rate. An important enhancement in this period was the company’s focus on working conditions. Although conceived before the oil crisis of 1973, ACAC and the compensatory wage were matters of continuous discussion and publication during the crises. In the case of Volkswagen, the works council was eager to discuss this topic in direct connection to the negotiation of dissolution contracts in the crisis. For employees who were moved to less remunerated jobs due to the economic consequences of the crisis, the works council achieved a waiting period of up to two years during which their former salary was continued to be paid. In Sochaux, the personnel manager introduced the ACAC system after having consulted with labour unions, and he highly promoted the system in the company’s newspaper. Admittedly, in comparison to other social measures the amounts spent on ACAC and the compensatory wage were not very high, but they provided security to the workers who were affected by decreased output after having completed a certain job tenure.

Other relevant changes in social policies since the mid-60s happened without relation to the oil or company crises, but for example due to the initiative of the works councils or simply owing to social change. At Peugeot, the conclusion of an agreement between the general direction and the works council of Sochaux in 1966 was important, granting...
the last a 1.37 percentage of the annual payroll for the management of the social institutions and activities.\textsuperscript{132} Since that time, the works council was no longer obligated to negotiate with the general direction every year about the amount of money to be spend on each activity, but it could, within its legal attributions, use its budget in the way it judged most advantageous.\textsuperscript{133} This new rule brought about an incremental change in social institutions, notably in the organization of vacations and leisure and in social assistance. For instance, in the mid-60s the works council’s majority ordered restrictions on assistance to pensioners as well as the distribution of baby clothes on the occasion of childbirth to people with lower resources than before.\textsuperscript{134} In July 1975, the works council decided on the complete elimination of donations of baby clothes because it considered that due to the actual incomes, it was neither necessary, nor did it conform to the employees’ needs anymore.\textsuperscript{135} According to the budget regulation of the works council, the money economized in this activity could be invested in other domains and mainly served to improve and diversify the company’s vacation offerings for families, retirees, youths and children. This shows that different factors besides the crises influenced the shape of corporate social policy.

Conclusion

Three developments in the corporate social policies of Volkswagen and Peugeot have been observed for the period from the mid-60s through the late 70s. Both companies pushed the individualization of their social benefits, according to the employees’ expectations, who for example wanted to spend their vacations with their families. Second, these automobile manufacturers increasingly tried to condition their social benefits, for instance with the introduction of additional vacation for reliable employees at Peugeot. Finally, they concentrated more and more on their employees as core target group of social policies, such as in the improvement of the working conditions. That meant that despite the different national and institutional backgrounds of Volkswagen and Peugeot, the corporate social policies of both companies followed similar developments because they addressed similar problems.

Furthermore, two similarities between Volkswagen and Peugeot concerning these three trends can be identified. In comparison to the social innovations during the previous decades like the distribution of a Christmas bonus, the measures undertaken later affected only a relatively small proportion of personnel, and they were not as expensive as previous ones had been. An exception was the amount of suggestion awards distributed by Peugeot. Nonetheless it should be stressed that the traditional and expensive


\textsuperscript{133} AP, Report of the Sochaux works council on the management of the social institutions 1966, 1f., in: CE2, Service social; AP, Minutes of the Sochaux works council on 11.7.1967, 35, in: CE.

\textsuperscript{134} AP, Report of the Sochaux works council on the management of the social institutions 1966, 7f., in: CE2, Service social.

\textsuperscript{135} AP, Minutes of the Sochaux works council meeting on 3.2.1973, 9ff., and on 30.5.1975, 152ff., in: CE.
benefits like employee pensions often continued to be paid in addition. The second similarity is that despite the small number of employees actually affected by the social measures in focus in this period, these benefits were highly publicized and used as flagship projects by the car manufacturers. It is hardly possible to distinguish between the impact of the oil crises and the companies’ crises, since Volkswagen experienced sales and thus financial problems between 1971 and 1975 and Peugeot from 1973 to 1975 and even more strongly from 1979 to 1985. The evidence indicates that it was not principally the oil price crises that influenced the companies’ social policy. Instead, combined with the companies’ critical financial situations, they had an impact on the corporate social policies of these automobile manufacturers. If both companies disengaged from certain activities during the economic crises, these decisions were not necessarily linked to them. Nevertheless, the crises gave the companies a justification for cancelling social measures. Since cuts in the social system served to maintain the companies’ solvency, they were regarded as temporary. Besides, management could not take these decisions on its own, because the works councils tried to prevent their implementation several times. In some respects, the companies even took the crises as an inducement to improve social measures.

The results of the present case study are consistent with the observations made by historians for the first half of the 20th century. It cannot generally be assumed that companies reduce their social benefits during periods of economic crisis. Since the distinction between the effects of the oil crisis in contrast to company-specific problems has proved to be difficult, a larger study on other social benefits during the same period and on company benefits during the 80s as well as a comparison to the corporate social policies in other branches is a promising line of further research.

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