THE MESOCRATIC PARTY | POLICY WHITE PAPER

The Corporate Codetermination Act

Workers' Rights & Economic Policy

Workers at the table. Not just at the factory floor.

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Executive Summary

The Mesocratic Party proposes requiring **worker representation on corporate boards** for companies above defined size thresholds. This policy — known as **codetermination** — is modeled on Germany's Mitbestimmung system, which has been in continuous operation since 1976 and is credited with Germany's labor stability, lower wage inequality, and globally competitive industrial base.

Under the Corporate Codetermination Act:

- **Tier 1:** Companies with 500+ employees **OR** $100 million+ in annual revenue must reserve one-third (1/3) of board seats for elected worker representatives.
- **Tier 2:** Companies with 2,000+ employees **OR** $1 billion+ in annual revenue must reserve one-half (50%) of board seats for elected worker representatives.

Either threshold triggers the requirement. A company with 200 employees but $150 million in revenue is covered under Tier 1. A company with 3,000 employees but only $50 million in revenue is covered under Tier 2. This dual-trigger design closes the 1099 contractor loophole: companies cannot avoid codetermination by reclassifying employees as independent contractors if their revenue exceeds the threshold.

Codetermination is a companion policy to the Mesocratic Party's 12% Plan and its $25/hour federal minimum wage. It serves as the structural check on corporate pricing power that prevents large companies from passing higher labor costs directly to consumers through price increases.

1. The Problem: Unchecked Corporate Power

American corporations operate with a single legal mandate: maximize shareholder value. Boards of directors are elected by shareholders and accountable to shareholders. Workers — the people who actually create the value — have no seat at the table where decisions about wages, layoffs, pricing, offshoring, and executive compensation are made.

This structure produces predictable outcomes:

- Executive compensation has grown 1,460% since 1978, while typical worker pay has grown just 18% over the same period (Economic Policy Institute, 2023).
- Stock buybacks — which benefit shareholders and executives with stock options — exceeded $1 trillion in 2022 alone (S&P Global).
- When costs rise (materials, labor, regulation), companies pass them directly to consumers rather than accepting reduced margins, because no one at the board table represents the consumer or the worker.

The result is an economy where productivity has risen 64.7% since 1979 but hourly compensation has risen only 17.3% (EPI, 2024). The gains go to shareholders and executives. Workers get what's left.

2. The German Model: Proof It Works

Germany's codetermination system (*Mitbestimmung*) has operated continuously since the Codetermination Act of 1976. Under German law:

- Companies with 500–2,000 employees: one-third of supervisory board seats are worker representatives.
- Companies with 2,000+ employees: one-half of supervisory board seats are worker representatives.

The results after nearly 50 years of operation:

Metric	Germany (with Codetermination)	United States (without)
GDP (2023)	$4.5 trillion (#3 globally)	$27.4 trillion (#1)
GDP per capita (2023)	~$54,000	~$82,000
CEO-to-worker pay ratio	~50:1	~344:1
Income inequality (Gini)	0.30	0.40
Worker tenure (median)	~11 years	~4.1 years
Strike days per 1,000 workers	~18/year	~47/year
Manufacturing sector	Strong (19% of GDP)	Declining (11% of GDP)

Sources: IMF, OECD, BLS, Federal Statistical Office of Germany (Destatis), ILO. Ratios are approximate and reflect most recently available data.

Germany's largest companies — Volkswagen, Siemens, SAP, BASF, Deutsche Bank, Allianz — all operate under codetermination. They are globally competitive. They pay higher wages. They retain workers longer. They experience fewer labor disruptions. Codetermination did not destroy German capitalism. It made it more resilient.

3. The Policy: How U.S. Codetermination Would Work

3.1 Thresholds

Tier	Employee Threshold	Revenue Threshold	Board Requirement
Tier 1	500+ employees	$100M+ annual revenue	1/3 worker representatives
Tier 2	2,000+ employees	$1B+ annual revenue	50% worker representatives

Either threshold triggers the requirement. This is the critical design feature. The dual trigger means that companies cannot game the system by:

- **Shifting to 1099 contractors:** A company with 400 W-2 employees and 2,000 contractors generating $500 million in revenue is covered under Tier 1 (revenue exceeds $100M).
- **Splitting into subsidiaries:** Revenue is measured at the consolidated parent level, not the subsidiary level.
- **Offshoring headcount:** Revenue from U.S. operations triggers the requirement regardless of where employees are located.

3.2 How Worker Representatives Are Selected

- Worker representatives are elected by all non-management employees of the company through a direct, one-person-one-vote election.
- Elections are held every three years, concurrent with the regular board election cycle.
- Any non-management employee with at least one year of tenure is eligible to stand for election.
- Worker representatives have the same legal duties, voting rights, and fiduciary obligations as shareholder-elected directors.
- Worker representatives receive the same compensation and legal protections as other board members.

3.3 What Worker Representatives Can and Cannot Do

Worker representatives participate as full board members. They vote on:

- Executive compensation packages
- Major restructuring, layoffs, and plant closures
- Mergers and acquisitions
- Pricing strategy and margin decisions
- Dividend and stock buyback policies
- Workplace safety and labor policy

Worker representatives do **not** have veto power over ordinary business operations. The board still operates by majority vote. In Tier 2 companies (50% representation), the chairman — elected by shareholders — casts the tiebreaking vote, exactly as in the German system. This ensures that shareholder governance is preserved while worker voice is structural and permanent.

4. Why Codetermination Is Necessary Now

The Mesocratic Party's 12% Plan establishes a $25/hour federal minimum wage. This is the right policy. But it will face a predictable corporate response: large companies will attempt to raise prices to maintain profit margins, effectively passing the wage increase to consumers and eroding its benefit.

Codetermination is the structural answer to this problem. When worker representatives sit on the board:

- **Price increases face internal resistance.** Workers are also consumers. They will push back on reflexive price hikes designed solely to protect margins.
- **Executive compensation is moderated.** When the people who earn $52,000 sit across the table from a CEO proposing a $30 million compensation package, the conversation changes.
- **Layoffs become a last resort, not a first response.** Worker representatives advocate for retraining, reassignment, and cost reduction before headcount cuts.
- **Stock buybacks are scrutinized.** Spending $1 billion on buybacks while cutting worker hours is harder to justify when workers vote on the decision.

Greed cannot be left to run unchecked in any society. Codetermination does not eliminate profit. It does not eliminate capitalism. It inserts a structural check on the impulse to maximize short-term shareholder returns at the expense of workers, consumers, and long-term company health.

5. Addressing Objections

"This is socialism." It is not. Germany's economy is capitalist. Its companies are publicly traded, privately owned, and profit-seeking. Codetermination operates within capitalism — it adds a stakeholder voice, not government control. No German industry has been nationalized under codetermination.

"It will drive companies out of the U.S." Germany's codetermination has been in effect since 1976. It has not driven companies out of Germany. In fact, Germany's manufacturing base is stronger as a share of GDP than America's. Companies that serve the American market need American workers and American consumers — they cannot simply leave.

"Boards will become dysfunctional." Nearly 50 years of German data show the opposite. Companies with codetermination have lower executive turnover, more stable strategic planning, and fewer hostile takeover attempts. Worker representatives bring operational knowledge that pure shareholder representatives lack.

"Small businesses will be crushed." The thresholds are set specifically to exclude small businesses. A company must have 500+ employees or $100M+ in revenue to be covered. This applies to large and mid-cap corporations, not to the local restaurant, contractor, or family business.

6. Implementation Timeline

Phase	Action
Year 1	Legislation enacted. SEC rulemaking begins. Companies above thresholds notified.
Year 2	Tier 2 companies (2,000+ employees / $1B+ revenue) must hold first worker board elections.
Year 3	Tier 1 companies (500+ employees / $100M+ revenue) must hold first worker board elections.

Ongoing	Board elections every 3 years. SEC oversight. Annual threshold review indexed to inflation.

7. Connection to the 12% Plan

The Corporate Codetermination Act is not a standalone policy. It is a structural component of the Mesocratic Party's economic framework:

- **The 12% Plan** simplifies the tax code and generates a surplus.
- **The $25/hour minimum wage** ensures no full-time American worker lives in poverty.
- **The American Family Growth Credit** supports families raising children.
- **Corporate codetermination** prevents large companies from undermining these gains through unchecked price increases and margin protection.

Together, these policies form a coherent economic philosophy: **pay people fairly, tax them simply, support their families, and hold corporations accountable.** No single piece works in isolation. The minimum wage without codetermination invites price gouging. Codetermination without a minimum wage leaves wages at the mercy of market forces. The 12% Plan without family credits penalizes the families building America's future. All four policies reinforce each other.

Summary

The Corporate Codetermination Act requires worker representation on the boards of America's largest companies: one-third of board seats for companies with 500+ employees or $100M+ revenue, and one-half of board seats for companies with 2,000+ employees or $1B+ revenue. Either threshold triggers the requirement, closing the 1099 loophole.

This is not radical. It is not untested. It is the operating standard of the largest economy in Europe and has been for nearly 50 years. It is proven to reduce inequality, increase worker retention, moderate executive compensation, and maintain — not undermine — global competitiveness.

American workers create American value. They deserve a seat at the table where decisions about that value are made.

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