

**Industrial Relations  
Research Association**

# **The International Labor Scene**

*Proceedings of the Spring Meeting  
Philadelphia, Pennsylvania  
May 8-9, 1962*

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# The International Labor Scene

## Industrial Relations Research Association Spring Meeting

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**PREFACE**  
to the  
**Industrial Relations Research Association**  
**Spring Meeting Proceedings**

In recent years, industrial relations research has been increasingly concerned with international comparisons and analyses. In addition to an intensification of long standing interest in comparative unionism and collective bargaining, there has been rapidly-growing concern with manpower problems in industrializing nations. Currently, problems besetting the American balance of international payments have resulted in pressures on domestic collective bargaining.

The IRRA's 1962 Spring Meeting dealt with these and many other aspects of the international labor scene. Secretary of Labor Arthur Goldberg discussed American labor's contribution in domestic and international political affairs. American influences on international organizations and other national labor movements were also discussed in a session devoted to this topic. Professor George Taylor discussed the effects of an adverse balance-of-payments position and other political factors on current labor-management relations. This topic was also discussed in another session as an aspect of job competition between national labor movements. Detailed discussions on problems of a number of foreign labor movements were presented by experts in these areas; and the meeting was concluded with a spirited panel session on the book, *Industrialism and Industrial Man*, in which two of the authors, Fred Harbison and Charles Myers, participated.

The association is grateful to the authors for their prompt submission of manuscripts, to the Philadelphia Chapter for the many hours spent on local arrangements; and, as in previous years, we owe a special debt to the LABOR LAW JOURNAL for their cooperation in making these *Proceedings* possible.

Gerald G. Somers, Editor

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# National Wage Payments and the International Balance of Payments

By F. A. BREIER

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THE PRESENT PAPER attempts to examine some of the relationships between wage payments in individual countries and the international balance of payments. The relationship between wages and at least some sectors of the balance of payments, primarily the balance of trade, is indeed an old feature of economic literature. Two treatments of this relationship deserve particular mention. The first is the *Keynesian* relationship of wages to the balance of payments, which emphasizes wage payments as a part of national income, and in turn shifts in the effective demand which are caused by lower or higher wage payments not compensated for by opposite changes in other factor payments. Depending on the propensity to import of a country such a shift in demand would exercise its effects on total imports and the balance of payments. It is only natural that this *Keynesian* relationship between national wage payments and the international balance of payments is in the forefront of discussion in periods of either a severe deflationary gap or a severe inflationary gap which

were deemed to be the main cause of a country's disturbed international accounts.

The second way of looking at the same relationship is from the opposite, microeconomic vantage point, which for lack of a better term, we shall call the *Ricardian* relationship between wages and the balance of payments. It looks at wages as a cost of production and traces their influence on the balance of payments via prices of exports and imports (terms of trade), and refers only occasionally to what today we could consider the other sectors of the balance of payments. While there is a strong interrelationship between the *Keynesian* and *Ricardian* point of view, we would like to emphasize the second in the present paper. It has, in the opinion of this author, been more important in discussion and public policy debate at least in this country. In the following we shall proceed from the more naive to the more sophisticated approaches of argumentation, and in conclusion, place the wage problem into the context of the over-all balance of payments.

## *Wage Payments*

In labeling the first relationship between national wage payments and the international balance of payments

"naive" we have borrowed the term from business cycle theory—particularly the under-consumption theory of the 1920's. The term "naive" describes the theory that is not only nonoperational because it defies statistical verification, but because it seems incoherent and *in extremis* logically inconsistent.<sup>1</sup> In brief, I term "naive" the argument that differences in wage rates or hourly wages of two or more nations converted at the official rate of exchange are the cause of behavior patterns of any segment of the balance of payments.

The difference between United States and most foreign wage levels has been dramatic enough to give fuel to this naive argument. Similar to the naive under-consumption theory of the business cycle which, in spite of its shortcomings, was politically the most influential of all theories of prosperity and depression during the 1920's and 1930's, the naive wage argument has had currency in all public policy discussions pertaining to the international transactions of the United States. Until the recent past, the naive wage argument was mainly used to support the policy of protectionism and ostensibly to maintain by tariffs and other devices the very difference in wage rates between this country and other countries that made these devices necessary. More recently, and sometimes in not too clear a fashion, the argument has been used to maintain a proposition that recent difficulties in the United States balance of payments can again be traced to a difference between United States and foreign wage rates, pure and simple.<sup>2</sup>

<sup>1</sup> Gottfried Haberler, *Prosperity and Depression*, 1950, Ch. 5.

<sup>2</sup> For many examples of this "naive" relationship, see "Impact of Imports and Exports on Employment," *Hearings*, before the Subcommittee on the Impact of Imports and Exports on American Employment of the Committee on Education and

## **Fringe Benefits and Rates of Exchange**

Of the two refinements of the naive wage relationship, I should like to deal with the first one—fringe benefits—only briefly because this matter is so much more familiar to the industrial relation specialist than the international economist. A familiar study of the United States Chamber of Commerce estimated that among United States manufacturing enterprises such fringe benefits amounted to 20 per cent of payroll costs in the middle of the 1950's.<sup>3</sup> A study undertaken by the International Labor office for the same period showed that only two of the European countries investigated, namely the United Kingdom and Denmark, had a lower percentage of fringe benefits to total payroll costs and the others ranged from Belgium's 22 per cent to Germany's and France's 30 per cent, Italy's 45 per cent and Yugoslavia's almost 50 per cent.<sup>4</sup> The inclusion of fringe benefits thus reduces the apparent differential of wage rates or hourly wages. It is interesting to speculate that the harmonization policy of the European Common Market, particularly if extended to Great Britain, will probably tend to equalize fringe benefits of the member countries upward, and thus further reduce the disparity in wages between the United States and at the Western European area.

The second qualification of the naive wage argument, referred to above, is the conversion of wage rates by the official rate of exchange. Although an accepted procedure, it is most unsatisfactory; official rates of exchange

Labor, House of Representatives, Washington, 1961-62.

<sup>3</sup> *Fringe Benefits 1957*, United States Chamber of Commerce, Washington, 1958, p. 9.

<sup>4</sup> *Labor Costs in European Industry*, International Labor Office, Geneva, 1959, pp. 23 and following.

can most adequately be used in the comparison of prices of internationally freely traded commodities, but are in most cases unsatisfactory parameters of international comparisons of national wage rates.

While detailed and accurate calculations seem thus impossible, certain trends of international exchange rates are observable during the past few years, that is, the period of the so-called United States balance of payment difficulties. European currencies, the German Mark and the Dutch Guilder, have been upvalued; maybe more importantly a number of Western European currencies—including those of countries that are thought of as America's major competitors—have become dearer in terms of the American dollar by the elimination of what has been termed "nontraditional payments." Such payments implied the use of a currency in a manner which was not intended by the exchange control authorities of the country. For instance, "transferable" pound sterling was to be used only between Great Britain, certain areas of Western Europe and the rest of the world, not including the dollar area. Nonetheless, American firms availed themselves of this type of currency for the payment of services rendered to them often at a substantial discount from the official rate of exchange. The elimination of nontraditional payments, for instance, with the introduction of nonresident account convertibility in Great Britain in 1958 meant a *de facto* appreciation of the pound sterling in terms of the American dollar. This hardening of certain currencies had the same effect as a shrinking of the differential between national wage levels of the countries involved.

### Unit Labor Cost

While in the preceding section we discussed two qualifications of the naive wage argument, the main reason for considering it efficient is its neglect of the differences in productivity of labor. Or, to put it differently, what should be relevant in any micro-economic analysis is not wage rates or wage payments as such, but the wage cost per unit of output. Without going into unwarranted detail on what might be termed a "classical problem," I should just like to relate two findings from a study of Professor Irving B. Kravis. His study was a part of a compendium of papers on United States foreign trade policy presented to the Committee of Ways and Means in 1958. In it he examined 48 British and American industries and found "an almost zero correlation between the ratios of British to American wages, and the ratios of British to American labor costs (the coefficient of rank correlation was 0.07)." Kravis concludes that "relative wages were thus a complete failure as the guide to relative labor costs."<sup>5</sup>

Similarly Kravis refers to a "third market test," that is, the ratio of British and American exports to third markets and their relationship to the ratio of British to American wages. Here, too, no significant correlation could be observed; again his conclusion is that "relative wages were a complete failure as a guide to an advantageous position in international competition."<sup>6</sup>

The magnitude we are actually looking for, namely, unit labor cost, or as far as that is concerned, unit production cost in general, are extremely difficult to come by. It was some such magnitude that the United States Tariff Act of 1922 (Section 315) and the Tariff Act of 1930 (Section 336)

<sup>5</sup> *Foreign Trade Policy*, Compendium, Committee on Ways and Means, Washington, 1958, p. 800.

<sup>6</sup> Work cited at footnote 5, at p. 801.

had in mind under the "flexible" tariff concept. Although the Tariff Commission was not really ambitious in the standards of investigation at the time, a report issued by the Commission in 1933 admits that more than half the cases brought to the attention of the Commission had to be dismissed because of the inability of the Commission to find the unit product costs in foreign countries, or even in the United States which would have been necessary for action by the Commission. Inadequate records, difference in accounting procedures, and particularly differences in economic and business structure between the United States and various foreign countries have been given as the main reasons for the inability to adequately gather such unit production.

### **National Industrial Conference Board Study**

An interesting effort to overcome the difficulties outlined in the preceding section was made in a recent study of the National Industrial Conference Board.<sup>7</sup> It measures and compares the costs of 147 United States manufacturing companies of their domestic corporations with those incurred in their overseas subsidiaries; 124 different commodities are covered in this study.

In spite of strikingly higher wage rates in the United States only 68 per cent of the companies queried found *unit labor costs* higher in this country than abroad, 8 per cent found costs about the same and 24 per cent found them lower.

Arranged by regions, only 48 per cent of the manufacturers found costs lower in their Canadian operations, 87 per cent in the United Kingdom, 84 per cent in the Common Market, 67 per cent in Latin America and but 35 per cent in Australia. Even where

unit labor costs are lower than in the United States, this advantage is often offset by higher materials costs.

While the above findings are quite interesting *pre se* they do not, in the opinion of this writer, give the answer to the questions we asked above, that is, the relationship of wage payments to wage costs in the United States compared with the relationship in foreign countries. Rather the study compares the manufacturing costs of United States firms doing business in the United States with costs of United States firms doing business abroad. To the extent that the structure, management methods, personnel practices, collective bargaining procedures differ between United States companies doing business in a foreign country and foreign companies doing business at home, these differences are likely to find their reflection in the wage rate-wage cost relationship and the findings are of limited value.

### **Conclusion**

The direct, microeconomic, measures of the wages-balance of payments relationship found wanting, we could still establish a casual relationship on a microeconomic level: that is, through an analysis of the balance of payments itself. If in case of an unfavorable balance of payments those parts of it which are most likely influenced by wage payments show that they are, or at least could be, responsible for the adversity, then wage payments themselves could possibly be blamed. In the recent balance of payment difficulties of the United States this does not appear to be the case.

Had we "priced ourselves out of the market," possibly as a consequence of excessive wage payments, it is quite unlikely that we would

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<sup>7</sup> *Costs and Competition*, National Industrial Conference Board, New York, 1961.



have achieved a most favorable balance of trade with export surpluses ranging from \$1 billion in 1959 to almost \$5 billion in 1961. Indeed most of the weak parts of the balance of payments appear to be those that have the least direct relationship to wage payments or even labor costs. This is true of our unfavorable balance in service items, military expenditures, foreign aid and short-term capital movements. Although it has been

charged that long term capital movements from this country abroad have been influenced by wage differentials, other factors, for example, present prosperity and future promises of the European Common Market seem to be more powerful determinants to this writer. Thus the macroeconomic analysis does not reveal a clear relationship between wage payments and the balance of payments either.

[The End]

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# The Dynamics of Industrial Relations in Early Japanese Development

By KOJI TAIRA \*

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University of Washington.

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**T**HIS ARTICLE describes the evolution of industrial relations in Japan prior to World War I as a series of dynamic interactions of two sets of demand and supply functions (broadly interpreted), one for entrepreneurs (managers or employers) and another for workers. This obvious economic point of view has been conspicuously absent in the studies of Japanese industrial relations in this country. In recent years we have heard altogether too much of the non-economic aspects of Japanese industrial relations, some of which, when their economic implications are clearly spelled out, flatly contradict the ob-

served economic behavior of Japanese managers and workers.<sup>1</sup> These contradictions are unnecessary and unfortunate. If the objects of study are the same, different scientific disciplines dealing with different aspects of the same objects should result in explanations complementary to one another and integrable into a unified whole just as these aspects are complementary and integrated in the objects themselves. This article is intended as a contribution from the point of view of economics toward a more consistent co-existence of different disciplines in the study of Japanese industrial relations.

## Two Aspects of Paternalism

In his well-known work,<sup>2</sup> Solomon B. Levine describes the social dynamics

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Japan. However, I am solely responsible for remaining shortcomings.

<sup>1</sup> See Koji Taira, "The Characteristics of Japanese Labor Markets," *Economic Development and Cultural Change*, Vol. 10 (1962), pp. 150-168.

<sup>2</sup> *Industrial Relations in Postwar Japan*, University of Illinois Press, Urbana, Ill.

of Japanese industrial relations in terms of varying aspects of managerial paternalism. There are two aspects of paternalism; one, termed "patriarchal," emphasizes "cooperative aspects inherent in the traditional family system of Japan," and the other, termed "despotic," stresses the "authoritarianism in this system" (p. 35). At the early stage of economic development, enterprises were typically small and patriarchalism "appeared most naturally in the huge mass of small enterprises which were organized typically on a consanguinal family basis" (p. 36). As the scales of enterprises expanded with economic growth, the factors that made patriarchalism work lost strength. Management and labor became increasingly suspicious of each other, and despotic management emerged in the large firms.

Under the Occupation policy of encouraging Japanese labor movement after World War II, unions quickly arose in the large firms, as if to avenge themselves on the wrongs of past managerial despotism. The union's demand to participate in decision-making posed two alternatives for management: "either a resurrection of patriarchalism or fostering of horizontal relationships between employers and wage-earners" (p. 54). Hateful of egalitarian relationships, management settled with the first alternative, so that managerial patriarchalism has now become a predominant characteristic of Japanese industrial relations.

The level of historical understanding of Japanese industrial relations in this country has improved very little since Levine's work. James G. Abeglen bundles up Japanese industrial

relations under a more anachronistic hypothesis that the feudal value of unconditional loyalty is the basic social factor that brings and binds Japanese employer and employee together in a bond of life-time commitment.<sup>3</sup> Clark Kerr and others regard Japan as a country that in large measure fits a "dynastic-elite type" of industrialization and deduces the characteristics of industrial relations appropriate to this type of industrialization, while leaving in the dark the questions of whether and to what extent the "dynastic-elite type" of industrial relations explains Japanese experience.<sup>4</sup>

In view of this state of knowledge, we consider it meaningful to attempt an account of economic factors relevant to Japanese industrial relations in historical perspective. What needs to be done is implicit in Levine's definition of industrial relations: "the respective roles of management, labor, and government in the processes which relate workers to employers, workers to workers, and workers to work" (p. viii). Although he places little emphasis on "processes," we concentrate our attention on the *processes of relating workers to employers*. Rational explanations of these processes in the context of changing general socio-economic conditions constitute our dynamics of industrial relations. In the following pages, we first lay out the elements of Japanese "tradition" in the processes of relating workers to employers and then proceed to describe how these traditional elements underwent modifications during the period of transition and transformations during the ensuing period of industrialization.<sup>5</sup>

<sup>3</sup> *The Japanese Factory*, The Free Press, Glencoe, Ill., 1958.

<sup>4</sup> *Industrialism and Industrial Man*, Harvard University Press, Cambridge, Mass., 1960.

<sup>5</sup> This historical "period analysis" has recently been applied in larger scales by W. W. Rostow, *The Stages of Economic*

*Growth*, Cambridge University Press, Cambridge, 1960, and J. K. Fairbank *et al.*, "Economic Change in Early Modern China: An Analytical Framework," *Economic Development and Cultural Change*, Vol. 9 (1960), pp. 1-26.

## Elements of Tradition

In feudal Japan, the whole nation was divided into fiefs, each of which had a lord (*daimyo*) surrounded by his vassals (*samurai*), reigning over and extracting feudal dues from numerous families of peasants, artisans and merchants. Although the Shogunate attempted to perpetuate this simple social structure by making all the statuses and functions hereditary, the rule of heredity failed in the long run as a social mechanism of allocating human abilities to appropriate functions and positions necessary for the peaceful functioning of society. In addition to discrepancies between the abilities of individuals and their inherited functions which corroded the feudal structure over time, one particular method of political control exercised by the Shogunate was highly effective in undermining the system which it was designed to maintain. This was the famous system of *sankin-kotai* which required all the feudal lords to live in Edo, the Shogun's capital, and to leave their families there as hostages during their visits in their respective fiefs.

The agglomeration of lords, vassals and their families in a metropolis in prolonged leisure raised the standard of living and increased the demand for income. The lords most naturally turned to the peasantry for more dues, but since the peasantry had already been squeezed to the bare minimum of subsistence, additional revenues clearly had to come from net increments in production. The increases in the demand for income called forth a class of *samurai-man-*

agers who devised and undertook various measures to raise the revenues of their lords. Thus, the effect of *sankin-kotai* was the slow but steady transformation of feudal Japan into a system of multi-lateral interdependencies in which local fief products were exported to urban centers and in which the incomes earned in this way were in turn spent on goods and services by the lords and vassals moving about for *sankin-kotai*.<sup>6</sup>

At the level of commoner-classes also, networks of exchanges and business connections developed within and among urban centers and between cities and villages. The rural-urban economic relationships redirected the activities of the peasantry to production for sale, and the increasing commercialization of agriculture produced a differentiation of the peasantry from a monotonous collectivity of self-sufficient farm households into richer and poorer strata; that is, those in the position to demand labor from outside and those in the position to supply labor for additional income. Thus, labor markets emerged in rural Japan and supplanted to some extent the traditional method of supplementing the deficiency of labor supply in the peasant household; namely, mutual help and cooperation that the farm household rendered and received from one another.<sup>7</sup>

In cities, two types of employment developed, one in trade and craft which required skill, knowledge and experience, and another in a variety of undertakings for which raw unskilled hands sufficed, like constructions, civil works, fire and water control, household services, hauling

<sup>6</sup> The role of *sankin-kotai* in the evolution of the Japanese feudal economy is adequately discussed by Kee Il Choi, "Tokugawa Feudalism and the Emergence of the New Leaders of Early Modern Japan," *Explorations in Entrepreneurial History*, Vol. 9 (1956), pp. 72-90, and Gustav Ranis, "The Community-Centered Entrepreneur in Japa-

nese Development," *Explorations in Entrepreneurial History*, Vol. 8 (1955), pp. 80-98.

<sup>7</sup> For changing modes of utilization of labor in rural Japan during the Tokugawa period, see T. C. Smith, *The Agrarian Origins of Modern Japan*, Stanford University Press, Stanford, Calif., 1955, chapters 8, 9 and 10.

of goods, transportation of persons, etc. The unskilled labor markets clustered around labor bosses who were simultaneously information centers, recruiters and general caretakers. These bosses (*oyabun*) had some permanent underlings (*kobun*) subjected to them in a corrupted blend of lord-vassal and parent-child relationships which accorded absolute power to *oyabun* and demanded absolute obedience of *kobun*.<sup>8</sup>

The craft had well-structured master-journeyman-apprentice relationships; a worker would spend his childhood and adolescence with a master and, upon reaching manhood and acquiring the customary level of skill, become a journeyman, who, after having served the master, would normally set out for independent practice. In the merchant household, a young boy of under ten years of age would be hired as an apprentice (*detchi*) and promoted to the position of a regular employee (*tedai*) at around 18. In about 20 years after this promotion, the employee would be promoted to a managerial position (*shihaiyaku*), and, after several years in this capacity, would set up his own business with the employer's aid of various kinds such as a gift of capital, the privilege of using the trade-mark, and enrollment into the trade guild. These offshoots of the master-house (*bekke*) were treated like its relatives and their children enjoyed priority in training and employment at the master house. The employment practice of the merchant household indeed represented the highest degree of nepotism and the purest type of life-time commitment.<sup>9</sup>

<sup>8</sup> For an over-all view of various types of employment relations during the Tokugawa period mentioned here and in the following paragraph, see Hiroshi Hazama, "The Logic and the Process of Growth of the 'Familistic' Management in Japan," *Japanese Sociological Review*, Vol. 11 (1960), pp. 2-18.

To sum up this section, these are the traditional modes of labor utilization that had developed within the Japanese feudalism by the middle of the nineteenth century: (1) a small class of *samurai*-bureaucrats with managerial and administrative ability and training; (2) employment in the merchant household characterized by nepotism and life-time commitment; (3) craft markets composed of essentially independent practitioners each of whom employed a limited number of journeymen and apprentices; (4) urban unskilled labor markets clustering around labor-bosses; and (5) rural unstructured labor markets where employers and workers were in casual contact.

### Transition—1853-1886

The period of transition was triggered by the arrival of the United States' Commodore Perry in 1853, punctuated by the historic Meiji Restoration of 1868, and closed by the end of the monetary disturbances that attended the post-Restoration reforms and civil strife. It was a period of great upsurge in entrepreneurial energy as well as one of spectacular failures of traditional merchant houses. The risks and uncertainties that accompanied the economic dislocations of the period and the characteristics of successful entrepreneurs under these conditions had their peculiar concomitants in the types of relations between employers and workers. Brief sketches of a few leading entrepreneurs during this period will illustrate the socio-economic milieu in which they operated, the tactics by which they rose to

<sup>9</sup> Due to the awkward necessity of translating the titles and, sometimes, publishers, materials in Japanese are listed at the end of this paper and in bibliography referred to by their numbers. See (1) and (4).

their successful positions, and the types of relations they created with their employees in the course of their successes. Stories were similar and no less exciting wherever there were successes, though in different scales, at various levels of society during this period.

Yasuda Zenjiro (1838-1921),<sup>10</sup> a son of a local merchant in Toyama, came to Edo at 18 and was first employed by a money changer.<sup>11</sup> After several years of service and having acquired a modest capital, Yasuda set himself up in the trade of money changing. There were then in circulation many kinds of coins which, due to frequent debasements by the Shogunate, had different values of metal contents for the same nominal values, so that the discernment of the intrinsic values of these coins required specialized knowledge and training. Yasuda used his intelligence, energy and experience to the fullest extent and, by active sales and purchases of coins, built up his fortune quickly and steadily. The monetary disturbances during the early Meiji years also helped him expand his business by dealing in paper money and government securities. The first half of his life culminated in the founding of the Yasuda Bank in 1880.

Minomura Rizaemon (1821-1877), of an obscure origin, drifted to Edo at the age of 18 and first worked for a dry-fish wholesaler and then, through a connection of his employer's, became a servant for a Shogunate treasury official. At the age of 24, he married a daughter of an Edo merchant and, after some years in his father-in-law's employ, bought himself a money-changing concern. With this new trade he came in contact with the

money-changing offices of the House of Mitsui. In those days, the Shogunate was in financial distress and was demanding contributions from the merchants. The Mitsui's Edo managers, who were favorably impressed with Minomura and informed of his former connection with a Shogunate treasury official, hoped to stall the Shogunate demand on Mitsui by appointing Minomura to the position of a manager of Mitsui's external affairs. Once in office, Minomura not only measured up to the expectations but also went ahead to bet the fortune of the House on the victory of the Imperial Court, the Shogun's political adversary, laying the foundations for later intimate relationships between Mitsui and the Meiji Government.

It is no exaggeration that Minomura and Yasuda were embodiments of profit motive, acquisitive urge and economic rationality. They were noted for shrewdness in external transactions and single-handed firmness in internal management. Yasuda, as founder of his own business dynasty, always enjoyed unbridled decision-making power, but even Minomura as a hired manager clearly demonstrated that economically irrational customs and traditions had no place in his management. Despite objections by the members of the House, Minomura reorganized the House of Mitsui by deleting some of the traditional lines of business and adding new ones according to profitability criteria. He also forced the members of the House to retire into the background and consolidated the power of management in the hands of the hired top executive, i.e., himself at the time.<sup>12</sup>

<sup>10</sup> Biographical sketches, unless otherwise stated or supplemented, are based on (3) in bibliography.

<sup>11</sup> For a detailed description of money changers' business, see S. Crawcour, "The Development of a Credit System in Seven-

teenth-Century Japan," *Journal of Economic History*, Vol. 21 (1961), pp. 342-360.

<sup>12</sup> This "managerial revolution" has since been honored to this day as "bantoseiji." See Levine, cited at footnote 2, for a description of this institution.

The association of pioneering entrepreneurship with autocratic handling of internal affairs is also illustrated by the practices of Hirose Saihei, executive of the House of Sumitomo, and Iwasaki Yataro, founder of the Mitsubishi Zaibatsu. Hirose (1828-1914), a son of a medical practitioner, began to serve the House of Sumitomo at Osaka at the age of eight in 1836. After having acquired diverse experiences in various Sumitomo offices over many years, he was placed in charge of Sumitomo's Besshi Copper Mines in 1865. When the Shogunate, then the largest single customer for the Besshi copper, enforced a cut in the price, Hirose correspondingly reduced the compensations to the miners. Hundreds of miners rioted against this reduction and Hirose, heroically facing the mob, calmed it down with impromptu, false promises for improvements. After the miners returned to their homes, he led the local police under the cover of night and arrested the ringleaders of the riot.

Iwasaki Yataro (1834-1885), a son of a poor unemployed *samurai* in Tosa, after a series of unfortunate incidents including a prison term during his early life, "mounted the clouds of success" (as the Japanese would say), when he was appointed to manage the shipping business of the fief in 1867. Later in 1871, he acquired the shipping property of the fief together with all the debts connected therewith and established Mitsubishi Company, which later became the second largest Zaibatsu. Iwasaki then laid down "Rules of Management," Article I of which declared that the firm was entirely a family enterprise of the Iwasakis and that for this reason there should be no misunderstanding about its president's power over the

whole affairs of the firm. Commensurate with this absolute power, Article II stipulated that the president of the firm should appropriate all the profits and assume full responsibilities for debts and losses. Article III followed up with a stern warning that while wages and salaries could be increased during profitable periods, they could also be cut during adverse periods and that, in cases of prolonged losses, men might be discharged.<sup>13</sup>

As the Mitsubishi Zaibatsu extended its activities into new areas, the Iwasaki spirit magnified its despotic aspect to a bizarre extent that shocked the sternest *samurai* of the early Meiji period. The labor conditions at the Takashima mines, which fell to the Iwasakis from the Meiji Government, reflected the combination of the Iwasaki authoritarianism and the cruelty of the labor boss system (*naya-seido*). The labor bosses recruited workers through various connections (including outright kidnapping), housed them in compounds called *naya*, and supervised them in and outside of the workplace with power to administer reward and punishment at will. The Takashima miners were recruited or kidnapped from far and wide and labored under conditions close to outright slavery.<sup>14</sup>

The processes of adjustment of socio-economic disequilibria during the period of transition produced admixtures of dazzling successes on the one hand and unbearable miseries on the other. Lured by the prospect of success and whipped by the fear of failure, individuals throughout the nation vigorously experimented with their abilities and chances to find appropriate places in the new society. "Suddenly the whole pack of human cards were shuffled," to use an apt

<sup>13</sup>These "rules" are quoted in (7) in bibliography, pp. 180-181.

<sup>14</sup>For a description of these notorious labor problems, see (6) in bibliography, pp. 261-268.

simile of Foxwell's,<sup>15</sup> but, in the absence of predetermined rules for the new game, each card had to vie with another for its life and value. Soon the cards were to be stamped with proper values and stacked on the table of the nation for many rounds of the game in the future, but in the meantime the race had to go on in all the directions of life and at all the levels of society. With these uncertainties of the age and the expansion of occupational and personal freedoms, the traditional attachments between lords and subjects, masters and apprentices, and merchants and employees considerably loosened.<sup>16</sup>

### **Industrialization, 1886-1911** <sup>17</sup>

Industrialization, narrowly defined as a rapid spread of factory production, started in Japan in the latter half of the 1880's. While by then the basic institutions requisite for the economic progress of a market economy had been laid, new problems arose from the acute maladjustments in the demand for and supply of labor in rapidly expanding industries. The Japanese employers, workers, public and government groped for finding the acceptable standards of market behavior in a new environment where no precedents were available for guidance. This groping culminated in the Factory Act of 1911, which opened a new stage of Japanese industrial relations.

As new factories arose and existing ones expanded, the problem of finding sufficient labor in short order became acute. Although the labor force of the whole nation was sufficient to man the small, though increasing, number of factories, the workers will-

ing to enter industrial employment fell short of needed numbers. In manufacturing establishments using skilled and semiskilled male labor, the standard practice of labor recruitment was to rely upon the craft-masters or factory foremen for finding appropriate workers. For jobs for which unskilled workers sufficed, labor bosses supplied needed workers. All this was of course consistent with the labor market mechanism that had previously developed in Japan. The problem was that this type of labor recruitment and commitment was not in the interest of efficient factory production.

In textile industries which were the leading sectors of this period's industrialization, the process of recruiting and committing workers was formally the same as that in the other industries, but the extraordinary strength of demand and the fact that teen-age girls from the faraway hinterland were preferred as factory hands created special problems. The textile labor markets were sellers' markets which strengthened the bargaining position of the labor recruiters in relation to employers. At the same time, the recruiters were in the monopsonistic position in relation to the hinterland farm households which supplied workers with little information of labor market conditions. Powerless vis-a-vis the labor recruiters, the employers drove their employees hard so that enough work might be extracted from them to cover the labor cost, much of which was appropriated by the recruiters. From this concoction of market and power relations among employers, recruiters, young girls and their faraway parents emerged the long hours of intensified labor, the

<sup>15</sup> E. Foxwell, "The Protection of Labour in Japan," *Economic Journal*, Vol. XI (1901), p. 124.

<sup>16</sup> For the decay of the master-apprentice relationship in the craft, see (6) in bibliography, pp. 301-325. For the breakdowns

of employment relations in the merchant house, see (1) in bibliography, pp. 30-50.

<sup>17</sup> It will be helpful to supplement this section with a historical section of K. Taira, cited at footnote 1.

notorious prison-like dormitories, poor safety and sanitary measures in factories and dormitories, etc.

However, there were exceptional employers, who, by the logic of their self-interest, spearheaded a movement for better working conditions in textile factories. They used high wages and superior working conditions as expedients for quick recruitment and stable employment. Kanegafuchi Cotton Spinning Company was a case in point. Contrary to Levine's hypothesis, it was the large concerns that were conciliatory to the use of economic incentives, while the crudest form of managerial despotism characterized the small firms. These differences in attitude between large and small firms reflected the relative stages of growth of these firms; the worst days associated with founding and consolidation were over for the large firms, while the small firms were in the midst of such pioneering ventures.

The acceptance of the facts of markets was eloquently expressed by Shoda Heigoro (1847-1922), Mitsubishi executive, at a session of a conference of representatives of business and government convening in 1898 for the purpose of deliberating the question of factory legislation to prevent actual or probable exploitation of labor in factories. A few direct quotations (in translation) will illustrate the extent to which Shoda was imbued with rational economic thinking. Speaking of the current high labor turnover in factories, Shoda said,<sup>18</sup> "Since it is the nature of man to be attracted by better opportunities, it is impossible to keep workers without adequate provisions. That is, if a worker desires to go to another factory because of a better offer, his present employer should [either] allow him to go . . . [or] raise wages so that the worker would see no rea-

son to move. . . . Factory operatives, engineers, machinists and other workers in modern industries are scarce today, because these occupations, unlike the traditional crafts, emerged only recently. Their relative scarcity enables them to command higher wages than the other types of labor, but this very fact will also induce more workers to enter these occupations. . . . Therefore, if the forces of supply and demand worked normally, the increase in their number would in time reduce their wages. This subsequent decrease in their wages would spell no hardship on them because men would enter any occupation only insofar as it remained attractive enough. . . ."

### *Innovations*

Some of the large firms also placed an increasing emphasis on economic considerations in regard to the employment of managerial personnel. A series of innovations took place in the relationships among the owners, directors and various layers of the managerial staff. The largest and most attractive employer of educated manpower prior to the 1890's was civil service. Due to the large salary differentials between civil service and private business for comparable positions requiring similar backgrounds of education and experience, private business was unattractive to educated persons. When he entered Mitsui in 1891, Nakamigawa Hikojiro (1854-1901), one of the most highly educated persons in those days, initiated a veritable "salary revolution" by doubling the salaries of the directors by a profit-sharing device (explained below) and raising those of managerial personnel in varying degrees all down the line. The effect of this salary revolution was an influx of educated manpower into Mitsui concerns,

<sup>18</sup> Cited at (2) in bibliography, pp. 118-119.



demonstrating the obvious truth that the higher the pay, the larger the supply of labor.<sup>19</sup>

Some years passed, and tension arose among salaried managers on the question of equitable salary scales. There had now developed wide income differentials between the directors (*kyuuyaku*) and the executives in charge of departments or branch offices (*buchō* or *shitenchō*). The source of this gap was the distribution of ten to 20 per cent of the net profit to the directors as "bonuses." Although this profit-sharing device, when initiated, was a revolution that transferred some of the profit from the owners of business to the directors regardless of share-holdings, economic growth and expansion of profits subsequently widened the income gap between the profit-sharing directors and salaried managers. Tension from this disequilibrium of the pay structure was dramatically demonstrated by a protest movement led by Ikeda Shigeaki (1867-1950), (who later became the top executive of the Mitsui Zaibatsu), during his junior executive days in the Mitsui Bank in the 1900's.<sup>20</sup> As salaried managers in time moved up to assume directorships, the demand from below for greater equality was increasingly realized. For instance, Wada Toyoji (1861-1924), once one of Nakamigawa's lieutenants, as managing director of the Fuji Silk and Spinning Company in 1906, reduced the directors' bonuses from the customary 15 per cent to 5 per cent of the net profit, using the other 10 per cent for bonuses, pensions and other benefits for managers, staff employees and factory operatives. Similar practices ensued in the other firms.<sup>21</sup>

Through these reforms and innovations arising basically from efforts to find rational solutions for economic

problems on hand, the industrial relations in some large Japanese firms had come, by the end of the Meiji period, to present palatable appearances. To correct remaining defects in the labor market processes and employment relations such as unsavory practices of labor recruiters and abuses of labor at work places, the Mining Act of 1905 and the Factory Act of 1911 stipulated some minimum standards for employment contracts, hours of work, wages and the other working conditions. The Meiji Government, which came into power by overthrowing the Tokugawa Shogunate and earned its reputation by its successful steering of Japan's industrialization, closed its life of four and a half decades in 1912 with the Factory Act as one of its last major achievements on the agenda of Japan's early developmental effort.

### Conclusion

How should we characterize the pattern of Japanese industrial relations that emerged at the end of the Meiji period? Feudalistic, familistic, paternalistic, patriarchal, despotic? We doubt that the elaboration of these designations under the guise of "ideal types" and the attempt to explain these types of industrial relations by the ultimate ideal type of "culture" can be more useful than straightforward economic analysis in a dynamic setting. On our part, we regard industrial relations primarily as economic transactions between buyers and sellers of labor. With a three-period breakdown of Japanese economic history prior to World War I, we have endeavored to show that the terms of such transactions characteristic of a given period are partly conditioned by the structure of labor markets of the preceding period, that

<sup>19</sup> A detailed description of Nakamigawa's policy and its consequences is given in (5) in bibliography, pp. 188-196.

<sup>20</sup> Cited at (7) in bibliography, p. 157.

<sup>21</sup> Cited at (7) in bibliography, p. 156.

changes in general economic conditions and new developments in demand for and supply of labor during this period modify the inherited structure of labor markets, and that the labor markets thus restructured during this period in turn become conditioning factors for labor market transactions of the next period. It is difficult to give a single descriptive name to the state of industrial relations during any segment of time in this perpetual flux of economic evolution.

[The End]

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## The New Industrial Relations in Britain

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**P**ROSPERITY, full employment and rising living standards have undermined traditional systems of industrial relations in Great Britain and other Western European countries. Established institutions and routines have been outdated while new tendencies have begun to appear.

These tendencies are generally in the direction of American practice, but the concept of "Americanization" should not be overdone. We should not assume the labor-management relations in the United States will be duplicated, any more than we should assume that Scandinavian policies of economic planning and labor-market management can be duplicated on this side of the Atlantic.

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<sup>1</sup> I am glad to acknowledge the valuable assistance of Dr. Edward Geiger of Zurich,

Switzerland, formerly my Research Assistant at the Institute of Industrial Relations.

The Western European systems became stabilized in their traditional form during an era of frequent unemployment, low wages and subsistence living standards.<sup>2</sup> The dominant purpose, as the Webbs emphasized in *Industrial Democracy*, was to protect workers and employers against unrestricted wage cutting in the labor market and price cutting in the product market. The principal organizations were the trade union, strong at the top but weak at the plant level, and the employer association. Unionism developed a pronounced ideological strain; union federations became closely connected with labor parties, sometimes accepting a subordinate position in the alliance. The leading instrument of protection was the minimum wage, pitched at a level appropriate to smaller and less efficient firms. The standard technique was the national or regional multi-employer agreement, frequently supplemented by social legislation defining basic terms of employment. Negotiated increases were more restrained than in the United States, and the labor contracts did not exert much explicit control over hiring, promotion, job assignments, work practices, etc.

As is well known, Western European economies have made a great leap forward in the postwar period. Production has expanded rapidly; full employment has been widely prevalent; real earnings have advanced at an unprecedented pace and middle-class living standards have spread rapidly. To a greater or lesser degree, all the industrial relations systems have felt the impact of these changes.

In a tight labor market there has been a persistent tendency for actual wage earnings to increase more rapidly

than the official negotiated rates. This phenomenon, known as "wage drift," has drained much of the significance out of the broad multi-employer agreements. At the same time, wage and salary earners have had sufficient economic strength to force concessions from individual plants and companies. Employers have been willing and able to make their jobs more attractive in order to compete favorably on the labor market. Under these circumstances the center of gravity has been shifting in the direction of plants and companies. Employer associations have striven to preserve the integrity of the industry-wide contracts, but have not been able to hold the member firms in line.

Western European unions are typically organized on a geographical basis and do not have full-blown apparatus inside the gates of the plant. Separate organs of representation, such as works councils, plant committees and shop-steward committees, are found there. Although not originally intended as collective bargaining agencies, these in-plant groups occupy a strategic economic position and frequently engage in bargaining of a sort.

Trade unions have begun to adjust their programs to this new situation in a number of ways. These include (a) striving to gain more control over shop stewards, works councils, etc.; (b) extending the union organization inside the plant; and (c) negotiating collective agreements at the plant level along the lines of typical American labor contracts. The strength of these tendencies differs from one country to another, being greatest in West Germany and the United King-

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<sup>2</sup>The next few paragraphs have been borrowed without much change from "Prosperity and Industrial Relations in Europe: The Case of West Germany," *Quarterly Journal of Economics*, Vol. LXXVI, August,

1962; and "Prosperity and Labor Relations in Europe: Italy and France," *Industrial and Labor Relations Review*, Vol. XVI, October, 1962.

dom, somewhat less in Italy and least in France.

Notwithstanding the importance of the Communist Party and its labor federations in France and Italy, the strength of ideology and class bitterness has been declining among European workers generally. This results from the improvement of living standards, the persistence of full employment and the successful application of paternalistic employment policies. The trend toward business unionism and local bargaining reflects the decline of ideology. Under these circumstances the power and prestige of central labor federations has diminished, as well as the intimacy between labor federations and labor parties. Furthermore, the trade unions have been encountering serious membership problems; the percentage of wage and salary earners enrolled in unions has declined in the United Kingdom, West Germany, France and Italy. There is a widespread feeling that the unions are unequal to the challenge of rapid change, are led by plodding bureaucrats and have failed to generate any new ideas.

Finally, as wage increases have accelerated since the end of the 1958 recession, widespread fears of inflation have developed in financial and governmental circles. As a result leading officials have been urging wage restraint; proposing "wage stops"; and advocating that wage increases be limited, in some fashion or other, by the increase in productivity. Their observations on wage policy have been strikingly similar to those of President Kennedy, Secretary Goldberg and Dr. Heller; and European unions have responded with the same profound unenthusiasm as those in the United States. Likewise there is active discussion as to whether new

kinds of consultative groups can develop a "national wage policy" and how such a policy might be implemented within a collective bargaining system.

### **Great Britain Compared with the Continental Nations**

The present article analyzes developments in Great Britain, while previous articles have dealt with West Germany, Italy and France.<sup>3</sup> Each nation has its own economic and political institutions, its own cultural traditions, its own internal problems. Therefore, although there are common schemes, a somewhat different story must be told for each country.

Space does not permit me to deal with all the impacts of full employment and higher living standards in Britain. This paper will deal principally with the rise in the industrial power of workshop groups, the institutional vacuum at the local level and the endeavors of trade unions to deal with the situation.

The British industrial relations system differs in important respects from those of West Germany, Italy and France. There are more unions, and the structure of unionism is less symmetrical. Whereas industrial and multi-industrial unions predominate on the continent, Britain has a congeries of diverse structural types ranging from the miniscule Wool Shear Workers of Sheffield to the gigantic Transport and General Workers Union. Multiple unionism in France and Italy is differentiated on ideological and religious grounds, so that workers in a given plant may belong to three or four organizations; but in a typical British auto factory, as many as three dozen unions may be represented.<sup>4</sup>

<sup>3</sup> See footnote 2.

<sup>4</sup> Michael Shanks, *The Stagnant Society*, London, 1961, p. 82.

The British unions are undoubtedly stronger than the German, Italian and French unions. This is indicated not only by the greater intensity of organization, but also by the greater extent to which the British unions have made their impress on industrial administration and the extent to which employers accept them as a force to be reckoned with. Furthermore, they do have a "presence" in the plant in the form of the shop steward, who has been difficult to manage but is nonetheless elected by the members of one particular union. This is not true of the delegates to the German works council, the Italian "internal commission" or the French workers' committee.

Collective bargaining in Britain is more decentralized and has somewhat greater substance than in the continental countries mentioned above. By the same token there is less reliance upon government to establish fringe benefits and other conditions of employment. The bargaining system is still a far cry from that of the United States, however.

Finally, political and economic changes impinging on labor-management relations have been less drastic than on the continent. Britain did not undergo military defeat, occupation or revolution, of course; nor does anyone speak of a postwar British "economic miracle." Between 1953 and 1960, industrial production rose only 30 per cent, as compared with 68 per cent in France, 80 per cent in West Germany and 82 per cent in

Italy.<sup>5</sup> The percentage of national product devoted to investment and the increase in output per man-hour have been less than in any other Western European country. Real earnings advanced at a modest pace of approximately 3 per cent per year during the 1950's.<sup>6</sup>

The great improvement in the British worker's standard of life is thus explained not by economic growth or high productivity but by the persistence of full employment throughout the postwar period. The unemployment ratio has varied between 1 and 2 per cent in recent years, and the number of listed vacancies has exceeded the number of registered unemployed most of the time.<sup>7</sup> Real wages of the employed are still the highest in Europe, although not so much higher as formerly; but the big change is that almost everyone is working.

As the large corporation assumes a more important role in economic life, concepts of professional management are spreading. Managerial policy emphasizes "human relations" and "getting along," rather than paternalism and authoritarianism as on the continent, or efficiency as in the United States.<sup>8</sup>

### *The Wage Drift in Britain*

Notwithstanding these differences, some of the basic pressures on the industrial relations system are similar to those experienced on the continent. To begin with, there is the persistent phenomenon of wage drift

<sup>5</sup> OEEC, General Statistics (No. 5, 1961), p. 2.

<sup>6</sup> OEEC, *The Problem of Rising Prices*, Paris, 1961, p. 426.

<sup>7</sup> *Ministry of Labour Gazette*, various issues.

<sup>8</sup> "Personnel management is becoming, in Britain, a highly developed profession with growing insistence on the maintenance of professional standards and codes . . . This is not, among leading personnel people in Britain, a mere formalism; it is a doctrine

which they carry into their jobs. The executive cannot expect from his personnel manager blind and rigid adherence to predetermined managerial policy. He will find an insistence upon the introduction of concepts of social equity into the making of business decisions."—Frederic Meyers, "A Look in Labor Relations in Britain," *California Management Review*, Vol. III, Spring, 1961, p. 26.

and the consequent obsolescence of the industry-wide agreements.

Statistics on wage drift are confusing and difficult to reconcile, but clearly there has been a great deal of it.

"Though collective bargaining at the national level is about changes in the basic wage rate, only a tiny fraction of employees in the manufacturing industries are paid at these rates. The great majority of production workers have, in recent years, taken home in their pay packets perhaps a third or a half as much again. What actually makes up the total earnings of the employee is an amount compounded of the basic wage rate, additions for overtime and weekend work, incentive bonus, shift premiums, merit money and other extras that the employer sees fit to pay. These additional elements that go to make up the total pay packet are often the subject of local bargaining at workshop or company level . . . ."<sup>9</sup>

The OEEC calculates a net wage drift (not including overtime payments) of only 0.7 per cent per year.<sup>10</sup> Even so, "the gap between actual weekly earnings and basic pay plus overtime increased by about £1 between January, 1954 and October, 1959 . . . and . . . this increase accounted for nearly one-third of the total rise in earnings between the two dates."<sup>11</sup> Furthermore, OEEC notes that a portion of negotiated wage increases in collective agreements represents merely

a "consolidation" of wage drift accumulated since the previous agreements.<sup>12</sup>

In a general way, wage drift is associated with labor shortages, but variations in the amount of drift do not seem to be explained by variations in the degree of labor shortage. OEEC observes that "differences in drift between industries arise mainly from institutional and technical differences such as the control over its members exercised by an employers' organization, the strength of union organization on the shop floor, and so on."<sup>13</sup> Lerner reports that among pieceworkers, "the bulk of the wage-drift . . . arose from high and loose factory piece-rates."<sup>14</sup>

There are two important differences between wage-drift in Britain and that experienced in the continental countries. First, collective agreements negotiated by trade unions and employer associations are not so radically disassociated from actual wage payments in Britain. An increase in standard rates does lead to a similar increase in earnings levels.<sup>15</sup> The reason is that the various elements of wage drift are additives rather than substitutes for standard rates. Second, wage drift in Britain generally emerges from workshop bargaining whereas on the continent it results primarily from unilateral, paternalistic employer policies.<sup>16</sup>

<sup>9</sup> B. C. Roberts, *Trade Unions in a Free Society*, London, 1959, pp. 4-5.

<sup>10</sup> Work cited at footnote 6, at p. 432.

<sup>11</sup> Work cited at footnote 6, at p. 433.

<sup>12</sup> "Examination of the movement of earnings and rates in specific industries suggests that a considerable part of increases in effective rates between collective bargains is subsequently 'consolidated' into official rates in the next collective agreement. In so far as this is the case, the absence of wage drift in the long run does not necessarily mean that there is no tendency for earnings to rise significantly in the interval

between successive collective bargains." Work cited at footnote 6.

<sup>13</sup> Work cited at footnote 6.

<sup>14</sup> Shirley Lerner, "Workshop Bargaining, Wage-Drift and Productivity in the British Engineering Industry," (mimeo.).

<sup>15</sup> See D. J. Robertson, *Factory Wage Structures and National Agreements*, Cambridge, 1960, p. 195.

<sup>16</sup> "Components introduced by management include ex gratia payments, service increments and merit rates. More important than these as components of the wage-

## The Situation in the Shop

Thus the center of gravity is shifting into the workshop. There the union apparatus is characteristically weak. Local officials are overworked, underpaid, inadequately assisted and badly out of touch with the membership. The real power lies in the hands of shop stewards, each elected by the members of a particular union. Where several unions are represented in a shop, the several stewards frequently establish an autonomous committee immune from control by the individual unions. Likewise there are unofficial "combine committees" of shop stewards from the various plants of some of the major companies. In fact there have been attempts to build national organizations such as a proposed council of all stewards in the automobile industry, which would undercut the numerous craft unions in that industry and constitute the nucleus of an industrial union.

The weakness of British unionism at the local level is nothing new. One recalls the "shop steward" revolts following World War I. Knowles has shown that the bulk of work stoppages have been "unofficial" or steward-led for many years.<sup>17</sup> But full employment has vastly increased the power of local work groups and the stewards who lead them. Bargaining over piece-rates, handling grievances, arranging overtime schedules—these and similar activities are pre-empted by stewards. Increasingly power is slipping away from the vested union leaders into the hands of local militants.

The consequences of this situation are various. One consequence, of

course, is that the trade unions are isolated from some of the most vital industrial-relations processes. Agreements negotiated by stewards and steward councils are frequently inconsistent with union policies. Since many stewards are Communists, the power of the Communist movement is artificially enhanced by virtue of their strategic position in the workshops. Strike activity has been increasing; in 1959, for example, some 5,270,000 man-days were lost in work stoppages, the largest total since 1932.<sup>18</sup> As a result, the public standing of the labor movement has been seriously damaged. It should be added that the total membership of British unions has not grown significantly during the past decade, and that the labor movement is in bad repute among those scholars, intellectuals and journalists who have traditionally been sympathetic. While there are doubtless many reasons, one central problem is the chaotic condition of labor-management relations at the workshop level.

## Control over Shop Stewards

In considering how to deal with this problem, the unions are emphasizing two major avenues of approach. The first possibility is to exert more effective control over shop-steward activities. The other is to extend the officially recognized collective bargaining system into the workshop.

Some unions are organizing educational courses for stewards, publishing handbooks and conducting leadership conferences. The Transport and General Workers Union has given particular stress to steward education. Some of the other unions, on the other

(Footnote 16 Continued.)

drift . . . are factors arising directly out of workshop bargaining. The wage claims introduced in this way are generally directed toward maintaining fair differentials . . ." Work cited at footnote 14.

<sup>17</sup> K. G. J. C. Knowles, *Strikes—A Study in Industrial Conflict*, Oxford, 1952.

<sup>18</sup> *Ministry of Labour Gazette*, January, 1961.

hand, have done little or nothing. "Training and education is unfortunately still too often looked upon as a luxury, as something that is fashionable but not really essential. It is difficult to measure success and it is sometimes obvious that results cannot be guaranteed. Frequently union leaders do not realize that training and education programmes serve as important channels of communication with the key rank and file members."<sup>19</sup>

In the electrical power industry, five unions have adopted a plan under which district union officials are authorized to participate in meetings of the approximately 100 shop-steward councils in the industry. The purposes are stated as (1) strengthening communications between the shop floor and the national union; (2) learning more about the feelings of the rank and file; and (3) keeping the meetings informed about the national policies of the unions. It remains to be seen whether the underlying objective of bringing the shop stewards under control will be achieved.

It also appears that the larger unions in the auto industry are endeavoring to weaken the shop-steward movement, but details are not available.

In 1960, the General Council of the Trades Union Congress made an analysis of unofficial strikes during the previous two years, and submitted a report to the Congress dwelling heavily on the shop-steward problem. After saluting the valuable services rendered by Britain's 200,000 stewards, the report went on to observe that "they are union officers and like every other representative of a union they must be subject to its rules and bound by its obligations." If stewards should continue to violate rules or agreements after being warned, their

credentials should be withdrawn, the report advised. Disciplinary penalties should also be considered; and "where a union decides on expulsion from membership for ring-leading a needless strike, it is unlikely another union would give this ex-member further opportunities to do harm." The report was adopted along with a resolution which "expressed appreciation of the work of voluntary union representatives, welcomed the General Council's inquiry into disputes, deplored ways in which disputes were being misrepresented and said the movement's publicity services ought to be improved."<sup>20</sup>

### **Workshop Bargaining**

British collective agreements generally have a narrower scope than those in the United States. Basic wages, the basic workday, overtime rates and holidays will be included. Complex seniority rules governing layoffs and promotions, provisions governing employee discipline and fringe benefits of the economic-security type are seldom found. British employers generally oppose the seniority principle on the ground of excessive rigidity, while the unions have felt that sickness, unemployment and similar risks should be dealt with in national legislation rather than in collective agreements. Moreover, many subjects of bargaining cannot feasibly be covered in industry-wide agreements but must be handled at the company or plant level, if at all.<sup>21</sup>

As we have seen, a good deal of workshop bargaining has developed in recent years. Such bargaining has centered on piece rates, overtime schedules, and other elements of enhanced compensation; it has been carried on between plant officials and

<sup>19</sup> Work cited at footnote 9.

<sup>20</sup> *Proceedings*, 93rd Annual Trades Union Congress, 1961, pp. 134-135.

<sup>21</sup> See Meyers, cited at footnote 8, at p. 21; Roberts, cited at footnote 9, at pp. 13-14.



shop stewards or steward councils; it has had an unofficial or irregular character.<sup>22</sup>

Under these circumstances there is widespread discussion concerning the proper place of workshop negotiations in the bargaining system. An important body of opinion holds that such negotiations should be formalized and regularized and should become the responsibility of paid union officials. George Woodcock, General Secretary of the Trades Union Congress, has observed that the shift of union power to the local level was inevitable under full-employment conditions. Central negotiations were necessary in the past because trade unions were on the defensive, he declared; but now, for the first time, unions are in a position to take the offensive. It was only common sense, he stated, that the evolution of responsibility should be carried out in an orderly way and without a vain struggle against it.

In 1961 the Trades Union Congress Strikes Committee was examining the possibility of decentralized bargaining as an antidote to irresponsibility and insurgency at the local level.

Some of the most influential British labor economists (including E. H. Phelps-Brown, B. C. Roberts, D. J. Robertson and others) have urged that the bargaining system be decentralized. Numerous benefits are predicted: that wages can be related to the employers' ability to pay; that more rational internal wage structures can be developed; that the scope of bargaining can be expanded; that shop stewards can be "integrated" into the union organization; that unofficial

strikes can be curtailed; and that local union branches can be reinvigorated.

According to Robertson, "If the unions were to move out from behind the protective barriers of national agreements and begin the task of discussing actual wage practice and payments in a more realistic way, then all levels of the unions would immediately have a job to do. The sterilization of branch life has been due to the mistaken theory that everything that is necessary is being done centrally. If more local negotiation and more detailed work is undertaken, the branches would be required to play a part as decision-takers and in training officials; shop stewards would become more integrated into the normal union machinery; and members would have a more natural outlet for their enthusiasm."<sup>23</sup>

One should not underestimate the problems which would have to be solved before the bargaining system could be reoriented. To begin with, the employers would have to concur. "The unions cannot determine the pattern of wage negotiations themselves. . . . In the last 100 years employers' associations have grown up to cover most of British industry. Any sizeable changeover from national to local bargaining . . . could only emerge from joint talks at national level with agreement by both sides to surrender central power. The government would also be involved if only through its increased importance as an employer."<sup>24</sup>

Now British employers are not noted as radical innovators, and are as firmly attached to the principle of

<sup>22</sup> Some national agreements do contemplate supplemental local bargaining between employers and branch offices. Moreover, "some large firms negotiate separately with national union officers detailed agreements similar to the American plant contract." E. H. Phelps Brown, "The Importance of Works Agreements," *Personnel Management*, Vol. XLII, December, 1960, p. 18.

<sup>23</sup> Robertson, cited at footnote 15, at p. 188.

<sup>24</sup> Frank Bealey and Stephen Parkinson, "Unions in Prosperity," Institute of Economic Affairs, Hobart Paper No. 6, 1960, p. 49.

national bargaining as are the majority of union officials. Many employers would not favor official, regularized negotiations at the workshop level, and would prefer to continue with "acts of local expediency" where required.

As Phelps Brown observes, "They maintain a distinction between negotiation and the present practices which are informal, constitute as little precedent as possible, and can be dropped when the tide of business turns; negotiation, moreover, carries with it the possibility of a strike, and local negotiation would bring the prospect of an official strike that would stop one firm while its competitors went on."<sup>25</sup>

Certainly British management has not yet made up its mind that it must come to terms with the new forces and energies in the workshop. The subject is being discussed, however. There have been talks between top officials of the British Employers Confederation and the Trades Union Congress, which would have been unthinkable at one time. In addition the British Employers Confederation held a conference on collective bargaining in 1961, including representatives of the universities. Such consultation between town and gown, although commonplace in the United States, was a real innovation in Britain.

Second, workshop bargaining would require great improvements in union organization and leadership at the local level. The center of local activity would shift from the neighborhood into the shop. A much greater number of field representatives would be needed; they would have to be better educated, better paid and more adequately assisted. Consequently higher dues would be necessary.

To integrate shop stewards into the official bargaining apparatus, the unions would be forced to accord them semi-professional status and to compensate them. Adding further to the expense would be the enormous task of training and indoctrinating a sufficient number of stewards. It may well be that the stewards would not "integrate" too willingly; they might well prefer the present situation, in which "the shop stewards' tail is wagging the union dog, and the leaders so far from leading are in fact trailing helplessly behind their more militant followers, trying desperately to limit the damage and patch up the quarrels."<sup>26</sup>

If occupational wage structures, layoffs and recalls, industrial discipline, etc. were covered in formal workshop agreements, many disputes over the application of these rules would arise. The parties would therefore find it necessary to provide administrative arrangements for resolving such disputes. Grievance and arbitration procedures are only in a rudimentary stage of development in Britain and other Western European countries, for the reason that day-to-day personnel actions are not intensively and formally regulated to the same extent as in the United States. To install them throughout British industry would be a vast undertaking, but could hardly be avoided if the American type of local agreement were to become general.

Finally, there is the matter of union structure and jurisdiction, which are now so chaotic as to place great obstacles in the path of orderly shop relations. If ten unions were represented in a factory, there would either have to be ten local agreements or else one agreement negotiated with

<sup>25</sup> Preface to B. C. Roberts, ed. *Industrial Relations: Contemporary Problems and Perspectives* (forthcoming). I am grateful to Mr. Roberts for giving me access to this important work prior to its publication.

<sup>26</sup> Michael Shanks, *The Stagnant Society*, Baltimore, 1961, p. 92.

some kind of interunion council. This would not necessarily be an insuperable difficulty, it is true. There are some 40 trade-union federations in Britain intended to coordinate the policies of the various unions in the textile industry, the building trades, etc. Presumably these federations could be extended into the workshop; but inasmuch as each organization would preserve its freedom of action, the situation would remain an awkward one. The experience of American firms with many bargaining units in the same shop is not one that other employers would eagerly share.

It is easy to propose basic structural changes, but realistic observers are not optimistic about the prospects. As B. C. Roberts states, "Ideally the

solution to the problem of workshop organization ought to be found in a drastic reorganization of the structure of the unions. But there is little hope of achieving the desirable goal of one union to each industry or even each factory."<sup>27</sup>

Thus, the British industrial relations system is badly inadequate to deal with the new pressures created by economic and social change. The forces of inertia and resistance are strong, however; and in the absence of a real crisis, institutional adaptation does not come easily. Here in the United States we have a similar situation, although the problem has different dimensions. Here also the times call for new departures, but the hand of the past lies heavy. [The End]

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# Labor-Management Relations and the Balance of International Payments

By GEORGE W. TAYLOR

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TO BEGIN WITH, the title assigned to me in the program has had to be recast. The promise implied in that talk cannot be fulfilled. There is, nevertheless, a basis for worthwhile discussion about "balance of international payments" as a new factor, that is, since 1958, in the labor-management-government relationship.

This new factor, along with numerous others which involve national planning incident to national safety,

raise some highly controversial questions. For example, what are the essential functions to be performed by decision-makers in the private economic sector and in the public sector? They do not operate in exclusive or unrelated spheres. It is not enough to be kinetic. The right hand and the left hand need to be coordinated if the full power of our economic and political systems is to be developed to overcome the challenge to our way of life. Private interests commonly resent the intrusion of government, but intrusion can go either way. Since private power centers have no rights

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<sup>27</sup> Introduction to B. C. Roberts, ed., *Industrial Relations: Contemporary Problems and Perspectives* (forthcoming).

superior to the national interests a mere "laissez-faire" cannot be supported. Individual liberties are not at the heart of this question. It is strange how modern "laissez-faire" is advanced to support the power of private institutions, that is, of private governmental powers. How to reconcile use of private institutional power and decision-making with the national interest?

This is the dilemma about the functions that are assayed.

The 1962 wage-price episode makes it clear that the basic problem out of which the crises grew, namely, reconciling private and public decisions, has scarcely been perceived, let alone dealt with by adequate procedures. There has been a gain from the episode in the greater realization on both sides of a need for a "coming to terms" with a new environmental consideration. If a coordination is to be accomplished, it will be through agencies patterned along the lines of the President's Advisory Committee on Labor-Management Policy. Representatives of management and of labor have to be brought into government. The "intrusion" designation is simply an old cliché.

In 1962, the functions of private decision-makers are in process of re-definition. Collective bargaining was formerly a relatively simple process once the mutual-survival necessities of unions and management were recognized. The maximizing functions of labor and of management representatives were rather evident. Creating a labor agreement involved an agreement about wage schedules, hours of work and a few conditions of employment. The principal clash centered on the emphasis to be given to short-run and to long-run considerations of the parties involved in the bargaining. With a few exceptions a strike had a narrow impact, affecting mainly the employees and the em-

ployer involved. Indeed, collective bargaining continued to be relatively simple as long as the central issue was over the distributive shares due to labor and to those who supplied capital.

With more exacting norms of economic security for employees, grounded in a public intolerance of unemployment, came a necessity for dealing with pensions, health programs, supplemental unemployment pay and retraining, as an incomplete list. Strikes became a less effective means for resolving many differences in the new areas where private and governmental policies were concomitant. The expectations of employees, all over the world, are greater than at any time in recorded history.

### **Pressure on Employers**

Employers have come, in recent years, under a considerable pressure to keep costs competitive. A major complication in collective bargaining arises from differences about the extent to which capital needs should be met from retained earnings rather than from borrowings. Involved in this question is not simply the rights of stockholders; public interests in private pricing policies have been accentuated. The new theory of capital formation has intensified the problems of collective bargaining as much as any single factor. Companies have insisted upon their need for relatively high profits or for an intensified cost flow to use the current term even if their operations are at less than capacity. At the same time "the needs of employees" already phrased in affluent terms, have been intensified by so-called automation, accompanied as it is with high expectations for sharing in the benefits of technological change and deep fears about job displacement. The capital formation question has, in turn, been further intensified by in-

flation, population growth and foreign competition. The difficulties of collective bargaining have been aggravated. The issues which came to a head at the negotiating table were never more portentous or more complex. This fact should not be obscured by a growing domestic battle over whether companies or unions possess the greater monopoly power.

### **Public Interest and National Necessity**

But the intensification of private problems does not complete the new profile that has emerged. Now proper regard is to be given by private decision-makers to public interests and new national necessities. Restraint in wage determination and price determination is called for so that we will keep competitive in world markets and thus avoid an impairment of national gold balances. This is clearly contrary to the traditional maximizing functions which have heretofore been assigned to business men and to labor leaders. Yet, they have a self-interest in gold balances. It is important that the strength of the dollar be preserved as a vital aspect of foreign policy. Continued threat to gold balances could lead to a budgetary surplus and higher interest rates which, by increasing unemployment and decreasing productive output, could adversely affect private interests.

Dealing with all this requires a degree of economic sophistication which is simply not a part of the general equipment of most collective bargaining negotiators. It also requires economic knowledge of micro-economies which is not possessed by many economists. Models can be built but they are for the elite and often neglect an important factor, that is, the private sector has the power to reject the assumptions on which the model is constructed.

The heavy costs of the United States leadership of the Western world are being assessed and include, I believe, certain changes in the decision-making institutions, which in their form, reflect some of the most important value judgments which we make as a nation. This is a time of coming to terms with a new world environment in which United States supremacy is not conceded and, indeed, is under severe challenge in the economic, scientific and military areas.

### **Claims upon Our Productive Capacity**

Despite the possession of mighty resources, ours is a have-not nation in terms of the magnitude of the claims upon our productive capacity. The costs of sending a man to the moon, assisting the underdeveloped nations, and of being ready to repel Communist aggression throughout the world, add up to claims that far exceed the building of pyramids and of great cathedrals by earlier civilizations. Underdeveloped countries are to be aided in their capital formation needs at the very time when the same needs are of a keenly pressing nature right here at home. To have done as well as the record shows without any more inflation than has been experienced and while improving national standards of consumption through the operation of long established institutions, is a high achievement. The trouble is that, in the present state of the world, standards of acceptable performance have gone up.

Current concern over the balance of international payments points up the observation. Contrary to often expressed views, the evidence does not show that the United States has priced itself out of world markets. In 1960, exports totaled \$19.4 billion and imports \$14.7 billion. In 1961, exports were \$19.7 billion and imports

were \$14.2 billion. Yet, the substantial favorable trade balances of \$4.7 billion in 1960 and \$5.5 billion in 1961, were not sufficient to cover overseas military commitments, economic assistance to other countries and investments abroad. A serious outflow of gold resulted and the dollar abroad was less stable.

Those who oppose foreign aid or the maintenance of large military forces abroad see, in the international payment figures, an argument for their positions. Those who dislike foreign competition put the finger on imports. Most people, and especially those responsible for national safety, are convinced that existing military policies and assistance must be carried on. They would enhance our net trade advantage during a period of acceleration in the exchange of goods and resources in which both exports and imports are increased. Obviously the two must go hand in hand.

### **Increased World Trade**

Increased world trade, it seems to me, is vital for the avoidance of war. This view was buttressed recently for me by a keen analysis made by a colleague in our history department, Professor Lynn Case. He observed that the *lebensraum* which Germany sought, vainly and at frightful cost, through territorial annexation in two world wars was finally achieved from a smaller acreage by increased inter-country exchanges of goods. Here is a way of eliminating the *lebensraum* cause of conflict. American foreign trade and the maintenance of a favorable balance of international payments are thus important elements of American foreign policy—perhaps far more important than the I. C. M.

However, despite our wont to extoll the virtues of competition, it is a rude shock to have to accept the domestic inhibitions of a now intense world

competition in many goods and services. We enter into that competition with two strikes against us—the military and foreign aid commitments. It is required that the United States do better than good in the competitive markets of the world. But greater exports have to be achieved without upsetting the economies of our friends, that is, without creating internal political crises for them. Countries which have a lot of dollars nowadays were beset, but a few years ago, by a dollar gap which prevented them from creating the reserves needed to carry on their affairs in a democratic manner. That could again be the central problem of international payments for certain Western democracies. On the other hand, imports have to be increased without placing an unreasonable displacement cost upon domestic industries and their employees. Who can deny that the factors in our economic equation have become more numerous and more complex? The need for a new *modus operandi* for the coordinated endeavor of decision-makers in the public and private sectors seems unavoidably apparent.

### **Factors Which Make Re-evaluation Urgent**

Three factors make a re-evaluation of foreign trade policy presently urgent: (1) the expiration in 1962 of the Presidential authority to negotiate with other countries for mutual reduction in trade barriers; (2) the success of the European Economic Community (the Common Market) and its prospective enlargement to become an economic entity, with a common external tariff and reduced internal restrictions in trade, whose total imports and exports exceed those of the United States; (3) the use of trade and aid by the Soviet Union to undermine the relations of the United

States with both the developed and underdeveloped nations.

In large measure, the governmental definition and assertion of a public interest in wage and price determinations is predicated upon the urgent need to improve the country's balance of international payments as an essential step in assuring national safety. This idea has been spelled out by the Council of Economic Advisors in these words: "The U. S. economy, which was geared to the entirely different years of 'dollar shortage' suddenly had to adjust to a new situation. In brief, the required readjustment is that the United States must pay for overseas military commitments, grants, and investments to a greater degree by an export surplus earned in stiff world competition, and to a lesser extent by selling gold and accumulating liquid liabilities to foreigners. For the domestic economy, this implies changes in the structure of prices, wages, investment and employment and a new orientation of American enterprise to world markets. A complete readjustment of this nature takes time."<sup>1</sup>

### Critical Time Shortage

It may well be that the shortage of time to adjust to the new circumstances, while maintaining Western world leadership, is one of the most critical factors in the equation. In our kind of a democracy, a widespread understanding of the complex subject is a prerequisite to the informed debate out of which the new accommodations have to be made. It is in this connection that the White House Conference on Economic Policy, to be held in Washington on May 21 and 22, is an event of considerable moment. Those in the private sector of the economy would do well to con-

sider with care why those charged with the national safety have been impelled to call insistently for restraint in wage and price determinations. And, in my opinion, those in the public sector would do well to enhance their own awareness of what goes on in the private sector where some pretty important problems also have to be solved if national goals are to be achieved. The basic problem is to make the higher degree of national planning brought about by world-wide pressures compatible with the decentralized, private decision-making system which has served the nation so well. The preservation of its fundamental values is among the major national goals.

We have had some experience with wage and price stabilization in times of national emergency, for example, during World War II and the Korean conflict. It is not at all implied that the patterns then evolved are now transferable to today's situation. The contrary is the case. Nevertheless, an awareness of the fundamental principles which governed in the past, should not be entirely scouted as irrelevant.

For example, wage stabilization during World War II was accomplished in a reasonably effective manner because representatives of those directly affected participated with the government representatives in formulating and in administering the program. The rules and the regulations were viable not solely because of their intrinsic logic, and perhaps despite considerable illogic, but because of their acceptance, or more precisely nonrejection, by those who had to live and to work under them. To be sure, recognition of a grave emergency was then unavoidable and the alternative to a jointly determined policy was not

<sup>1</sup> Annual Report of the Council of Economic Advisers, January, 1962, at p. 155.

only apparent but a compelling reason for labor and management participation in a tripartite process. Despite present difficulties in applying the principle, there are strong reasons for starting out on the assumption that the best way to gain effective recognition of the public interest in private wage determination is by a procedure providing for the participation of representatives from the private and public sectors and for an agreement through which the various objectives can be accommodated.

### *The Use of Formulae*

In a very real sense, enunciation of the public interest in private wage and determinations tends to involve the use of formulae, that is, of analytical processes, instead of arbitrament by relative economic power. To a question about what wages should be, the formulae of a stabilization program give one result and uninhibited collective bargaining is likely to give quite a different answer. During World War II, the formulae were applicable and unchallenged, certainly to the large extent that the no-strike policy was honored. Throughout the Korean conflict, however, a Wage Stabilization Board sought to apply formulae in the absence of any real restraints on the right to strike. Thus, two systems for wage determination existed under which conflicting answers were developed. There is considerable support for the view that under these circumstances the so-called wage stabilization program induced a higher level of wages than if it had not been assayed. Employee groups lacking relative economic power could and did rely upon the approved measure of "fair and equitable wage adjustment" to improve their well-being. Other employee groups could and did use their greater economic power to gain in excess of the limits embodied in the wage stabilization program.

The consequences were approved by those who insisted that increases in consumer purchasing power, especially for those relatively low-wage employees whose unions were not strong, was desirable. However, this was not the stated purpose of the governmental program.

### *Guideposts*

The present significance of the earlier experiences should not be exaggerated but they would seem to be not entirely irrelevant. As you know, the Council of Economic Advisers has promulgated certain "Guideposts for Non-Inflationary Wage and Price Behavior." The reason for doing so was thus expressed: "Individual wage and price decisions assume national importance when they involve large numbers of workers and large amounts of output directly, or when they are regarded by large segments of the economy as setting a pattern. Because such decisions affect the progress of the whole economy, there is legitimate reason for public interest in their content and consequences. . . . How is the public to judge whether a particular wage-price decision is in the national interest? No simple test exists, and it is not possible to set out systematically all the many considerations which bear on such a judgment. However, since the question is of prime importance to the strength and progress of the American economy, it deserves widespread public discussion and clarification of the issues. What follows is intended as a contribution to such a discussion." The guideposts for relating wage changes to trend rates as computed by certain measures of growth in national productivity were then set forth and other guides were enunciated to apply to the upward and downward adjustments of prices which would result in a stable price level.



Since it has been specifically stated that the guideposts were advanced as a basis for discussion which, it is hoped, would clarify the issues, a critical analysis has been invited by the C. E. A. It seems to me, the following are indicative of the questions that can properly be raised:

(1) ~~In such an endeavor, isn't the essential first step the development of a procedure under which the representatives of employees and of management participate with the government in creating a program taking into account the needs of both the public and private sectors?~~ (2) ~~Aren't what have been set forth as suggested guides for wage and price determination in the private sector in reality a statement of hoped for over-all results which if not achieved will influence governmental policy to the detriment of private interests?~~ (3) Are they, then, workable or even usable guides for the particular private decisions? (4) To what extent is their promulgation likely to result in a higher general level of wages, and hence in higher prices or reduced profit margins, than if they hadn't been set forth at all?

I assume that the raising of such questions, grounded in past experience, was invited by the Council when it emphasized that expression of its guidelines was essentially for discussion purposes. Whatever the intent of the C. E. A. in this regard, the general impression is that a definitive wage and price stabilization program for immediate application has been administratively promulgated. Since this was evidently not intended, and since the results made the deficiencies of such a program apparent, we should, perhaps, institute a new start from the beginning. Somehow or other, it has to be made apparent to private decision-makers that gold balances involve their own narrow interests as well as their own general interests as citizens of the United States. At the same time, government decision-makers should be more aware of the "practical" problems dealt with in the private sector. A solution of these problems is also essential to the attainment of national goals.

[The End]

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## International Labor Groups in the Americas

By ROBERT J. ALEXANDER

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**M**ANY AND VARIED attempts have been made to form international labor groups in the Western Hemisphere. In some of these there has been participation by the United States trade union movement, others have been purely Latin American

organizations. A new element since World War Two has been the participation of the Canadian and West Indian colonial labor movements in the hemispheric confederations.

The first recorded attempt to bring together the national trade union movements of the hemisphere was made in 1907. Under the leadership

of the *Federacion Obrera Regional Argentina*, this was an effort to establish a confederation of anarchosyndicalist labor groups. The Industrial Workers of the World were invited to send delegates to the meeting, which was held in Buenos Aires, although we have no information concerning whether or not the IWW was actually represented.

No permanent organization resulted from this 1907 meeting. It was 1929 before a second continental congress of anarchosyndicalist labor groups was held, again in Buenos Aires. From this emerged the *Asociacion Continental Americana de Trabajadores*, which still exists, at least on paper. However, the anarchosyndicalists no longer represent an element of importance in the Latin American organized labor movement.

### **Pan American Federation of Labor**

The first hemispheric group to which the United States labor movement was certainly affiliated was the Pan American Federation of Labor. The PAFL owed its origins to two factors: Samuel Gompers' personal interest in the international labor movement, and the need of the Mexican labor movement for friends in the United States as a protection for the revolution which was then in full progress.

Gompers had taken the lead in the years before World War One to bring about the affiliation of the American Federation of Labor with the International Federation of Trade Unions. Although the IFTU was temporarily *in suspenso* during the war, Gompers had extended his interest to the budding labor movements of Latin America during this period.

The principal partner with the AFL in the Pan American Federation was the *Confederacion Regional Obrera Mexicana*, the first important central labor organization to appear there

after the Revolution. Its leader was Luis Morones, a leader of the electricians union of Mexico City, and he and other CROM chiefs were closely allied to General Alvaro Obregon and other top figures in the revolutionary government.

At the end of World War One relations between the Mexican Revolutionary regime and the United States were stormy. The Mexicans were still resentful of the two incursions by United States troops into their country in 1914 and 1916; and powerful interests in the United States felt menaced by seizures of property by the Mexican government in pursuance of its reform programs.

To counteract the strong elements in the United States which were demanding intervention, the Mexican labor leaders were anxious to establish close relations with the United States trade unions. Some of them had worked in this country before the Revolution and felt that the United States labor movement would be a strong ally for themselves and the Mexican Revolution itself.

Although the AFL and the CROM were the principal affiliates of the Pan American Federation of Labor, it succeeded in rallying to its ranks some small national central labor groups in Central America, and Cuba and the Dominican Republic. However, it never succeeded in expanding much beyond the Caribbean area.

### **Achievements of PAFL**

The achievements of the PAFL were perhaps three in number. First, it helped to organize workers in some countries, particularly in Central America, where hitherto there had been little or no trade union activity. Second, it was a very useful sounding board for protests against the Big Stick policy which then characterized United States relations with Latin

America. Third, it brought valuable support throughout the decade of the 1920's to the cause of the Mexican Revolution, and probably had an appreciable influence in preventing large-scale intervention by the United States in Mexican affairs.

In spite of the things which it was able to accomplish, the Pan American Federation acquired a rather bad reputation in South America. This was in part a reflection of the general opposition to the United States which was widespread in that area during the 1920's. It was also attributable in part to the belief in most of the Latin American countries that the American Federation of Labor stood on the far right in the world labor movement. Most of the South American trade union groups were under radical political influence—either anarcho-sindicalist, socialist or communist.

For all practical purposes, the Pan American Federation of Labor died with Samuel Gompers. Although one more congress of the organization was held after Gompers' death—that of 1927 in Washington, William Green and other AFL leaders did not share their predecessor's interest in international labor affairs, and particularly in Latin America. Although officially the PAFIL lingered on into the 1940's, it showed little real activity after the 1927 Congress.

### **Confederacion Sindical Latina Americana**

In 1929 a hemispheric labor group of a very different kind was founded at a conference in Buenos Aires. This was the *Confederacion Sindical Latina Americana*. This was a confederation of Communist-dominated central labor groups in various Latin American countries. It was the child of the "Third Period" in the history of the Communist International.

As a result of the Third Period, the Comintern issued orders for the establishment of strictly Communist-controlled trade union groups in each country in which the Communist parties operated. This line was followed in the Latin American countries as well as elsewhere. As a result, the Communists in virtually every Latin American nation set up a so-called labor confederation under its control during 1928 and 1929. It was these groups which were brought together to form the CSLA. Although in the beginning a few non-Communist trade union groups, such as the syndicalist-oriented *Union Sindical Argentina*, participated in the CSLA, they soon withdrew because they refused to conform to the Communist line.

Although this was supposed to be a strictly Latin American organization, this was not completely the case. At each important meeting of the CSLA, the Trade Union Unity League, the Communist-controlled central labor group in the United States, was represented. During at least part of the period of the existence of the CSLA the TUUL delegates were probably the real voice of authority in the supposedly Latin American group.

At least on paper, the CSLA had affiliates in virtually every Latin American country. However, only in a handful of cases—Chile, Cuba, perhaps Mexico and Argentina—did the national affiliates really constitute a significant portion of the labor movement.

The CSLA died with the Third Period. When the Comintern ordered the liquidation of central labor groups under strictly Communist control, most of the national affiliates of the CSLA were merged with reformist labor groups in their respective countries.

## **Confederacion de Trabajadores de America Latina**

The disappearance of the *Confederacion Sindical Latina Americana* paved the way for the establishment of a much more significant hemispheric labor confederation. This was the *Confederacion de Trabajadores de America Latina* (CTAL), which in its inception represented a broad united front among Latin American organized labor.

The immediate cause for the establishment of the CTAL was the difficult position then faced by the Cardenas Administration in Mexico. President Lazaro Cardenas was engaged in a drastic program of change, which included great intensification of the agrarian reform program of the Revolution, and the expropriation of key foreign-owned industries. In March, 1938, the government expropriated the foreign oil companies then operating in the country.

The oil expropriation brought upon the Mexican government grave international difficulties. The British broke diplomatic relations and the position of the United States government was not yet clear. As a result, Cardenas felt the need of rallying whatever backing he could muster throughout the hemisphere.

The *Confederacion de Trabajadores de Mexico* invited all of the existing central labor bodies of the Latin American countries to a conference in Mexico City in September, 1938. In fact, most of the important national labor movements of the hemisphere were represented at the meeting. These represented groups under the control not only of the Communists but of the Cuban *Autenticos*, the Peruvian *Apristas*, the Chilean and Argentine Socialists and other political groups.

The importance of the founding congress of the CTAL was emphasized

by the presence of representatives of important labor groups from outside of Latin America. Leon Jouhaux, head of the French C. G. T., Ramon Gonzalez Pena of the Spanish U. G. T., and John L. Lewis of the Congress of Industrial Organizations of the United States, were among these non-Latin American delegates. Indeed, the CIO continued to maintain close relations with the CTAL until 1949, when it finally broke with the Communists within its own ranks.

Although the CTAL was in its inception a true united front of virtually all political tendencies active within the Latin American labor movement—the anarchosyndicalists being the major exception—it soon came under Communist domination. This was due partly to the withdrawal of the Argentine *Confederacion General del Trabajo*, second only to the Mexican CTM within the CTAL, after the CGT was captured by Peron.

Partly also, Communist influence in the CTAL was increased because of the success of the Communists in capturing CTAL national affiliates during World War Two. Those in which it become dominant included the national labor movements of Cuba, Chile, Peru and Colombia. Their influence was also notable in the Mexican CTM during this period.

In the third place, the Communist influence in the CTAL grew because the Communists succeeded in founding a series of new national central labor groups under their own control. This they did in Costa Rica, Nicaragua and Uruguay.

However, most important was the influence of the president of the CTAL, Vicente Lombardo Toledano. He had been an anti-Communist until 1937, when the Communists led a split in the CTM of which he was then secretary general. The United States Communist Party sided with

Lombardo instead of with the Mexican Communists, and from that time on the Mexican labor leader became increasingly associated with the international Communist trade union apparatus.

During World War Two Lombardo Toledano strictly followed the international Communist line—denouncing the war as “imperialist” between September, 1939, and June, 1941, and finding it a struggle “sacred to the workers” after the Soviet Union was attacked. He became increasingly open in his support of the Communists against their rivals in the various national labor movements associated with the CTAL.

During World War Two Lombardo also worked closely with the various Latin American dictators then in power. Among those he visited were Somoza, Vargas and Prado, and after a long correspondence with Generalissimo Refael Trujillo, he succeeded in getting the Dominican Republic’s dictator to affiliate his pet trade union group with the CTAL. These relations of Lombardo with the dictators usually helped the Communists within the national labor movements of the countries involved, since Lombardo seems to have been influential in getting the dictators to relax their opposition to Communist trade union activities, while maintaining their severity against the non-Communist opposition.

Whatever the causes for Communist progress in the CTAL, it became a completely Communist organization as the result of the Congress of the *Confederacion* held in Cali, Colombia in December, 1944. At that meeting, seven of the eleven men elected to the new executive committee of the CTAL were self-avowed members of the Communist parties of their respective countries. Three others, including Lombardo Toledano, were

Communist fellow-travellers; only one member was anti-Communist.

The CTAL began to decline soon after World War Two. By 1948 there was only one national affiliate which was not clearly under Communist control, and since that time the CTAL has been reduced largely to the role of a general staff for the Communists in the Latin American labor movement.

### **Confederacion Interamericana de Trabajadores**

In the meantime, a rival to the CTAL had developed. This was the *Confederacion Interamericana de Trabajadores* (CIT), which in January, 1951, was converted into the *Organization Regional Interamericana de Trabajadores* (ORIT). These groups played a key role in destroying the influence of the CTAL and the Communists.

The growth of the CIT and ORIT was in large part due to the return of the American Federation of Labor to the Inter-American field. This occurred early in 1946. At that time, the AFL was isolated in the world labor movement, having refused to join with the CIO, British TUC and Russian trade unions in organizing the new World Federation of Trade Unions. As a result, the AFL turned to helping other national labor groups which were outside of the WFTU; one of its chief efforts was centered on Latin America.

In the spring of 1946, the American Federation of Labor appointed a Latin American Representative, in the person of Serafino Romualdi, editor of the Italian edition of the International Ladies Garment Workers Union’s periodical *Justice*. He set about the work of lining up the nontotalitarian groups in the Latin American labor movement.

Romualdi did an exceptionally capable job in his efforts to form a

democratic alternative to the Communist-dominated CTAL. By January, 1948, it was possible to hold a congress in Lima, Peru which resulted in the establishment of the *Confederacion Interamericana de Trabajadores*.

Various factors favored the efforts of Romualdi. One of these was the fact that there had been splits in a number of the national affiliates of the CTAL. Communists and non-Communist elements broke into rival central labor bodies in Chile, Peru, Uruguay and Cuba. In Mexico, Vicente Lombardo Toledano was thrown out of the principal trade union group, CTM, of which he had been founder and secretary general, late in 1948.

In addition, there had come into existence several new national labor bodies which were outside of the CTAL. These included the *Confederacion de Trabajadores de Venezuela*, established in 1947; the *Confederacion Costarricense del Trabajo "Rerum Novarum"* of Costa Rica and the *Union de Trabajadores de Colombia*. These were controlled by anti-Communist elements and had no desire to join a Communist dominated central labor group for the hemisphere.

The *Confederacion Interamericana de Trabajadores* brought together most of the non-Communist trade union groups of the hemisphere. It included the majority central labor groups of Cuba, Venezuela, Peru and Haiti, and important organizations in Costa Rica, Mexico, Colombia, Uruguay, and smaller groups in several other Latin American countries. In addition, it had in its ranks several important central labor groups in the British West Indian islands and virtually all of the labor movement of Surinam.

Perhaps the bitterest issue facing the founding congress of the CIT was that of whether or not to admit the Peron-

ista-controlled *Confederacion General del Trabajo* of Argentina. Although a handful of Latin American delegates favored the admission of the Peronistas, the majority were opposed, as was the United States delegation.

The CIT lasted for three years. During this period it suffered two serious reverses, when the free labor movements of Peru and Venezuela were suppressed by the dictatorships of Generals Odria and Perez Jimenez, which came to power late in 1948. However, in spite of these defeats, it remained a formidable rival of the CTAL.

### **Second Congress of CIT**

The second congress of the CIT was held in Havana in September, 1949. This meeting paved the way for the disappearance of the CIT, and its absorption into a bigger organization to be formed as a result of changes which were occurring in the world-wide labor movement.

In the middle of 1949 the World Federation of Trade Unions had been split, as a result of the refusal of the British, American and Dutch affiliates to go along any more with the pro-Communist administration of the world-wide confederation. It was expected that a new international free labor group would soon be formed, and that this new group would have regional subdivisions. The delegates to the CIT second congress were unanimous in their desire to have their organization succeeded by a broader regional grouping to be part of the new world-wide confederation.

### **Organizacion Regional Interamericana de Trabajadores**

The *Organizacion Regional Interamericana de Trabajadores* was finally established at a congress in Mexico

City in January, 1951. It brought together all of the old affiliates of the CIT plus the United States CIO, the Canadian Labor Congress, and various ex-WFTU affiliates which had followed the CIO out of the WFTU. For the moment these latter did not include the Mexican CTM, although it joined the ORIT a couple of years later.

The ORIT has certainly been the most successful of the Inter-American labor groups. It has included a majority of the central labor bodies of the Latin American countries. Its official leadership has from the beginning been in Latin American hands—in contrast to the PAFL, which always had United States top officials. However, most of the funds of the ORIT have been supplied by the United States and Canadian affiliates.

The ORIT has engaged in a wide variety of activities. One of the most important of these has been that of organizing activities in various Latin American countries. ORIT representatives helped to bring together dispersed trade unions in Uruguay and Paraguay to form national central labor bodies in those countries. Other ORIT organizers have helped to found new central labor bodies in Honduras, Panama, El Salvador and Guatemala.

The ORIT has also helped its affiliates in many individual labor disputes. It was of crucial importance in helping the Honduran banana workers in the 1954 general strike and subsequently. At various times, the ORIT has backed strikes of Chilean copper miners; as it has aided the struggles of the oil workers in the Dutch West Indies.

A very important activity of the ORIT has also been its fight against various Latin American dictators. It gave much help to the struggle of underground labor groups fighting against the Peron regime in Argentine,

the Odria dictatorship in Peru, the Perez Jimenez tyranny in Venezuela, the totalitarian regime of Trujillo in the Dominican Republic and the Castro government in Cuba after 1960.

In recent years the ORIT has put particular emphasis on the training of second rank leaders for its national affiliates. It cooperated in founding the training program of the University of Puerto Rico; it has organized training seminars in several countries; and recently it has launched a large scale training school in Mexico. This work has been of particular importance in building up an efficient democratic labor movement in many of the Latin American countries.

On somewhat similar lines has been the publishing program of the ORIT. This has included periodicals in three languages, and a large number of pamphlets on organizational problems and political issues of interest to the ORIT and its affiliates.

Finally, the ORIT has used considerable time and energy in lobbying with the United States government. During the 1950's it sought to drive home to the United States authorities the need for a more understanding and democratic foreign policy towards Latin America. It certainly had some influence in bringing about the change in United States policy which has occurred in the last year or so.

### **ORIT Mistakes**

Inevitably, the ORIT has made some mistakes. In our view there have been three of particular importance. First was the attempt of both the CIT and the ORIT to bring into existence a rival labor movement in Bolivia to that controlled by the *Movimiento Nacionalista Revolucionario* between 1949 and 1952. As a result of this, when the MNR came to power in 1952, its trade union leaders

wanted to have little to do with the ORIT. Only now has it been possible for the first time to get a few Bolivian unions to affiliate with the international free labor movement, through the ITS's.

The second error was the close association of the ORIT with the government of Colonel Carlos Castillo Armas, after the colonel overthrew the government of Jacobo Arbenz in July, 1954. Although it was logical enough for the ORIT to be glad to see the fall of the pro-Communist Arbenz regime, it hurt itself elsewhere in Latin America by its too-close support of Castillo Armas.

Finally, the ORIT made its most important error in maintaining the Cuban CTC in its ranks, although it was working closely with the Batista regime, right down to the overthrow of Batista. This decision which is explainable on various grounds, aroused a good deal of opposition in a number of the Latin American affiliates of the ORIT.

This last error was used very much against the ORIT in the months following the fall of Batista. When Castro ordered the Cuban CTC to withdraw from the ORIT at the end of 1959, and the CTC launched an attempt to form a rival to the ORIT, it used the ORIT's "support" of Batista as a strong argument to favor its plans.

For a short while it appeared as if the CTC's plan might work. The Cuban confederation had a working accord with the independent CTV of Venezuela, and there were several other independent groups—the CUTCH of Chile, the COB of Bolivia and the Peronistas in Argentina—who seemed likely to join a new hemispheric confederation.

However, this attempt of the Cubans finally failed. At the end of 1960, the

CTV broke off relations with the CTC, after pro-Castro elements in Venezuela attempted to overthrow the Betancourt regime. Furthermore, the Peronistas and the Bolivian MNR trade unionists found little attraction in Castro's followers. Finally, the Cubans failed in their hope to attract some of the ORIT's affiliates to follow its example and leave the organization. The basic fact is that Latin American organized labor has been relatively immune from the attraction of Castro.

Two other central labor bodies of recent years are worthy of quick mention. One is the ATLAS, or *Agrupacion de Trabajadores Latino Americanos Sindicalizados*, organized by the Peronistas in the early 1950's. It disappeared with the Peron regime. Second is the *Confederacion Latina Americana de Sindicalistas Cristianos*, established in 1955 by some Catholic elements in Latin American labor. The only significant affiliate of the CLASC is the *Confederacion de Trabajadores de Venezuela*, which also belongs to ORIT.

In recent years, too, another new factor of some importance has appeared. This is the entry of the International Trade Secretariats into the Latin American field in a big way. Until very recently, only a handful of ITS's have had any Latin American affiliates. However, since 1957 they have become very interested in recruiting unions in the area. Several, including the Miners, IMF, PTTI, and Food and Drink Workers, now have Latin American offices and are working actively with their growing number of Latin American affiliates.

The ITS's have several advantages. They can bring into their ranks individual unions where most of the labor movement is Communist dominated. They are not so closely identified in the public eye with the United States, as are the ORIT and ICFTU. Finally, they can appeal to the workers on a



more "practical" basis than can the more political confederations of central labor bodies.

### Conclusions

Several conclusions can be drawn from the foregoing remarks. First, international labor activity in Latin America has a long history. Second, the degree of United States partici-

pation in these activities has varied a great deal from time to time. Third, varying political groups have sought to establish hemispheric organizations. Finally, the majority of the Latin American national labor movements have in recent years resisted totalitarian blandishments, and have come to belong either to the ORIT or to the International Trade Secretariats. [The End]

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# International Labor Organization

By RUDOLPH FAUPL

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The author is International Representative, International Association of Machinists and United States Worker Delegate, ILO.

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### *Tripartite Character of ILO*

The ILO, as I am sure most of you know, is a unique organization because of its tripartite character. It is the only international organization in which not just governments are represented but workers and employers as well. Its traditional objective from its very inception has been to advance the interests and improve the welfare of workers all over the world.

I AM GLAD to participate in this spring meeting of the I. R. R. A. and I am especially happy that this meeting is being so largely devoted to discussion of the international aspects of labor and industrial relations problems. In focusing on world-wide issues in the labor field, you are only reflecting the increasing concern of the American labor movement with trade union organization and economic and social development abroad.

In that amalgam of structure, representation and goals lies the strength of the ILO. Indeed, I am convinced that it is that happy combination which has permitted the ILO to exist and flourish for more than 40 years so that today it is the oldest organization in the United Nations family and the only one that has survived from the pre-World War II League of Nations days. I think that fundamentally, this formula is the best for the ILO both now and, so far as one can tell, for the years ahead. Yet, however dedicated I, and the free trade union movement throughout the world, may be toward the structure and objectives of the ILO, I must admit that they are not without problems. Let me briefly discuss a few of them in

My dual responsibility as international representative of my organization, the International Association of Machinists, and United States Worker Delegate to the International Labor Organization, has put me in direct contact with many ramifications of the international interests of the trade union movement. However, I shall confine my remarks today to only one phase of international labor activities, the role of the trade unions in the ILO.

order to give you an idea of the issues with which free trade unionists, including the American trade union movement, are confronted in the ILO.

### ***Problems of Tripartite Principle***

I shall begin with the tripartite principle of representation. When that idea was first espoused by Samuel Gompers and his associates in 1919, it was certainly new but perhaps not very complex. Governments, employer organizations and trade unions could be clearly distinguished from each other. Since each had a clear, but yet distinct, concern with labor problems, what could be more natural than that the ILO should be founded on the principle of tripartitism?

Of course, tripartitism meant at that time representation of governments, labor and employers from democratic countries at the same stage of industrial development. Moreover, in those countries both labor and management organizations were autonomous and relatively free of government control.

This is still true in the United States, the free countries of Western Europe and perhaps a few other countries. But in other countries—ranging from newly independent countries like Ghana and the Cameroons (actually the situation in these two countries is quite different) to military dictatorships like Taiwan and Pakistan to fascist countries like Spain and Portugal, to the Soviet bloc countries like the U. S. S. R. itself and its satellites—tripartite representation has much less meaning, and in some cases, none at all. This is because the governments in these countries exercise varying degrees of control over employer and employee organizations so that representatives of these organizations to the ILO must to a greater or lesser extent hew to the governments' line rather than represent the real, and

often quite different, interests of the workers and employers in their countries.

This has been a problem for the ILO and especially for the free workers and employers in the organization. Like it or not, countries which restrict rights of trade union and employer organizations are in the ILO and the problem therefore has been how to accept this fact and still maintain the ILO as a tripartite organization dedicated to the welfare and rights of workers. In coping with this problem, the free workers and the free employers in the ILO have had fundamentally divergent views.

### ***Problem of Inclusion of Communist Countries***

The employers' attitude has been too often to compromise the basic issue and run away from the main fight. These are hard charges, but I think they will stand up. While verbally espousing the principle of tripartitism, the free employers have not hesitated to welcome into their ranks so-called employer representatives of totalitarian countries of the right. They have drawn the line only at the phony employer representatives from behind the Iron Curtain. Some employer representatives, the principal one being the National Association of Manufacturers in the United States, have even advocated boycotting the ILO because it includes within its membership the Communist countries.

The trouble with this position is that you don't win battles with Communists by running away from them. Moreover, the shrewd representatives of the newly independent countries, vigorously wooed by the Soviet bloc, tend to view such tactics as wrong-headed at best and cowardly at worst. When the employer attitude is sullied by a double-standard policy as between rightist totalitarians and Com-

munist totalitarians, this only weakens their position still more with the increasingly numerous group of developing countries in the ILO. The employers strike the crowning self-defeating blow by steadfastly seeking to weaken and resist effective efforts by the ILO to raise labor standards, the very objective for which the ILO was established. By these tactics they not only lose support of the less developed countries; they also create a fundamental distrust in the ranks of the free workers representatives.

### ***Ideological Battle***

These representatives in the ILO have adopted quite a different set of tactics which have thus far stood the test. Far from seeking to ignore the Communist representatives or, even to ostracize them, the free trade union representatives in the ILO have entered with full vigor into the ideological battle with the Soviet adherents. The free workers representatives have successfully demonstrated that they and not the Communists are sincerely dedicated to advancing the welfare of workers throughout the world and especially to meeting the urgent needs for economic and social advances of the workers of the less developed countries.

Once the Communist countries were inside the ILO after their return in 1954, the free workers did not attempt to resist the seating of the Communist countries' so-called "trade union" representatives, at least on a minimal basis, in the various ILO bodies. But the free workers did not relinquish the field to them. To the contrary, the free workers representatives combined a continuing drive to expand the activities and effectiveness of the ILO on behalf of the workers with an unrelenting struggle for principles of freedom and democracy and against the Communist dogma of depression,

however dressed up the so-called "anticolonial" trappings the Communist declarations might be.

The strategy of the free workers has succeeded and thus far the Communists have made little headway in the ILO. Although the Soviets have used every propaganda device, the democratic forces and especially the representatives of the free trade unions have generally been able to beat down Communist-line proposals in the ILO. They have rebuffed Soviet efforts to honeycomb ILO bodies and staff with Communist adherents. But this has been possible only because the free workers representatives have not relented in their efforts to advance the welfare of the workers and this has been plain for all to see.

### ***Technical Assistance versus Standard Setting***

This brings me to another fundamental difference of policy between the international free trade union movement and the employers, many governments and to some extent even the officialdom in the ILO. In the ILO, this controversy is generally termed—I should say *mistermed*—technical assistance versus standard setting.

Traditionally, the most important activity of the ILO has been adoption and promotion of international labor standards. These standards take the form of international instruments which are either conventions or recommendations. A convention is similar to a treaty which, if ratified, imposes a binding international obligation on the country concerned. A recommendation is not binding but it is a guide to national action which has a strong moral force because it represents an international consensus on the matters it covers.

The ILO has adopted 116 conventions and 115 recommendations covering a wide range of subjects. These

include the right of workers and employers to belong to organizations of their own choosing, freedom from forced labor, protection of women and young workers, industrial safety and hygiene, hours of work, social security, minimum wage machinery, labor-management relations and elimination of racial discrimination. In the United States the subjects they cover may be handled either in federal or state legislation or through collective bargaining.

The ILO's conventions and recommendations have had to be flexible to take account of the widely varying conditions in member countries. They have been adopted only after a great deal of research, thought and discussion both within, and sometimes outside, the ILO. To secure final action, they must first be considered and approved at two successive annual sessions of the ILO Conference. Thus, they are well-considered actions which reflect the views and conditions in countries all over the world.

In recent years, a large part of the ILO's resources as well as funds it receives through United Nations channels have been devoted to technical assistance. ILO technical assistance projects include manpower organization, vocational training, productivity and management development, co-operatives and handicrafts, social security and labor conditions and administration.

I would be the last to deprecate the significance of the ILO's technical assistance activities. Indeed, they are doing much to help raise the living and working standards of large numbers of people in the less developed areas. But in no sense do they replace the ILO's standard-setting job. Instead, these two phases of the ILO's work should be regarded as mutually reinforcing. Generally, when an ILO expert goes into a country

to provide assistance, it is the standard set forth in the appropriate conventions and recommendations of the ILO which guides him in his work. The other side of the coin is that technical cooperation can lay the foundation for the kind of improvements which will permit the developing countries to obtain the kind of standards contemplated in ILO instruments.

Unfortunately, the United States has had a very poor record of ratification of ILO conventions. If the representatives of United States employer organizations have their way, there is little chance that the United States will ratify any more ILO conventions.

One excuse given for our failure to ratify conventions is the federal character of our government. However, we are not unique in that respect. Indeed, because a number of countries have federal-state types of government, there is a special provision in the ILO Constitution which recognizes that there may be matters on which ILO has acted which may be in the jurisdiction of states, provinces or cantons rather than the federal government. In that case, ratification is not expected unless all the local laws substantially meet all the standards in the ILO convention.

Admittedly, federal countries like the United States find it hard to ratify ILO conventions, but I deeply regret that our record in this respect is much worse than other federal countries in the ILO, such as Switzerland, Australia and Canada.

### ***United States Has Poor Record***

The extremely poor record of United States ratifications of ILO conventions does great harm to our position in the organization. Other members, especially the newly independent developing countries, tend to question

the sincerity of United States support for the ILO and its principles when they see how few conventions the United States has ratified. Moreover, they are also skeptical as to whether, in the absence of ratifications, United States standards really measure up to those in ILO conventions even though the United States frequently boasts that in many fields it exceeds them.

Unless the United States improves its record of ratification of ILO conventions, its prestige and effectiveness in the organization will inevitably be diminished. Fortunately, it would be altogether possible for the United States to ratify more conventions if it pressed such a policy.

This can be done if the United States will ratify those ILO conventions dealing with matters (1) which come substantially, even if not entirely, within the purview of the federal government and (2) in which federal legislation, or other national practices, substantially measure up to ILO standards. Where the first requirement is met, namely substantial federal jurisdiction, but where standards do not measure up to the ILO's, an immediate investigation should be made as to whether a revision of legislation or practices will meet ILO standards and thereby permit ratification of the appropriate ILO conventions.

What I have tried to suggest in these remarks is that participation of the democratic countries, and particularly the United States, in the ILO represents both a challenge and an opportunity. But to take advantage of the opportunity—not only to improve the welfare of workers but also to win acceptance for the fundamental ideals of freedom, democracy and social justice—we must first face up to the challenge.

Many people have said: "The Russians are not 10 feet tall." I have

found this out in the ILO. They not only have all the human failings of the rest of us, in addition, their rigid dogma and the obvious contradictions between what they say in international forums and what they do at home handicaps them still further in the ILO. Therefore, we should enter the struggle with the Communists in the ILO with every confidence of success provided we are true to our own ideals and do not fail to put our best foot forward.

Here, I find a paradox. The Russians preach lofty ideas in the ILO which they do not practice at home. We, on the other hand, all too often fail to espouse in the ILO what we do and have accomplished at home. Why should the United States which has built its economy on the highest wages and on the highest living standards in the world be afraid to advocate and adhere to the standards established in the ILO? It just doesn't make sense. Yet, it is just such inconsistencies that weaken our position in the ILO.

I would like to see a fundamental reappraisal of the role of the United States in the ILO by the government, employer organizations and the trade unions. Such a fresh look at the ILO would not result in total agreement among these three groups. Indeed, it is just because there is not and ought not to be such unanimity that the tripartite structure of the ILO must be maintained.

But if total agreement is neither likely nor desirable, some accommodation can and should be reached. In that way, each group—government, employers and workers—in its own way can advance the fundamental interests of the United States in the world today while strengthening the ILO in its time-tested role of advancing the welfare and freedom of workers.

[The End]

# What United States Labor and Management Can Contribute Abroad

By CLARK R. MOLLENHOFF

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**T**ODAY WE HAVE one big challenge. We are faced with the task of demonstrating that the United States has the best practical political system and the best practical economic system in the world.

We are faced with the job of making it clear to the world that the American system is not only the best today, but that it can and will be the best for the future. Our major objective must be to convince the great masses of poor people in the underdeveloped nations that the American democracy is the pattern that is best for them.

In some ways it would seem easy to make this point. It would seem simple enough to call attention to our high standard of living, the job-creating capacity of our business enterprises, our high wages and our work force of highly skilled and educated men and women. But, as simple as it seems, we have somehow failed to get our message across. In too many parts of the world the people carry an image of American business as it was 50 or 75 years ago. The term "capitalism" is viewed as an antisocial philosophy. There is no recognition of the many great social programs—social security, unemployment benefits and wage and hour legislation—that have been woven into the fabric of our free enterprise system.

## *American Economic System Distorted*

In travel through 19 African countries and through the Middle East I found a consistent distortion of the picture of the American economic system. It was a picture of business leaders paying low wages, working employees long hours and firing with no regard for the employee. It was a picture that did not take into account the comprehensive free educational system in the United States or the great social programs.

On his recent trip around the world, Attorney General Robert F. Kennedy found some of these same misconceptions of what America is today. We saw the films or read the accounts of the way he was challenged on this score by young people and university students in a number of countries.

There could be no doubt that there were many young Communists among those who were doing the questioning and drawing the picture of the American economic system as if it were the most predatory and ruthless in dealing with a downtrodden working man. There can be no doubt that the Communist Party does everything in its power to paint the American economic system in the worst light.

However, I do not believe that all of the credit for this widespread misconception of our economic system should be given to the Communists. There is no doubt in my mind that American business and American labor make an unwitting contribution to this Communist propaganda abroad.

## ***Labor and Business Leaders Aid in Distortion***

Unfortunately, American labor and American business have too often viewed their work abroad as an extension of the political or industrial disputes they may have in Detroit, San Francisco, Boston or Cleveland. Instead of presenting a balanced picture of the American industrial system, the American labor leader is likely to give a most dramatic, one-sided discussion of all that he believes is wrong with the thinking of the business community in the United States.

At the same time, the American business executive can often be found to be presenting our labor unions as dominated by men who are without exception, either corrupt or so mad with a desire for political power that they are going to ruin the country.

There is no doubt that it is possible to find plenty of examples of unwise and even ruthless action by American business or American labor. But, it is a great disservice for such incidents to be circulated abroad with no real effort to put them in perspective.

Certainly, I would not suggest that either American labor or American business representatives abroad seek to give a picture of totally harmonious industrial relations. This would be a falsehood that would catch up with us in a hurry. But, isn't it just as much a falsehood to give a one-sided picture of the problems in American industrial relations?

I would not suggest that there is any intent on the part of representatives of United States labor or management to give a distorted picture of our industrial relations scene. However, I am afraid there is too little thought given to the difference in addressing an American audience that has the whole picture in perspective, and the foreign audience that has little background in the over-all area.

A dramatic speech with some over-drawn conclusions and an ugly picture of a profit-greedy boss may be taken in its stride when given by a union leader in Michigan or Pennsylvania. It may even be rationalized as necessary to stir the rank-and-file union members out of the natural lethargy brought on by a good life.

However, a similar speech can be a grave disservice if given by an American labor leader to a group of half-employed or unemployed Africans who are trying to make up their minds as to whether they want to follow the American democracy or the Soviet communism.

Likewise, it may be regarded as essential to paint with a broad brush when an American business leader addresses a convention of American businessmen on the problems for business that might arise from some new law or some new decision of the National Labor Relations Board. It is pointed out that it is necessary to over-simplify and dramatize the corruption, the political power or the legal aims of labor to get any attention from businessmen who are successful and too comfortable.

However, it is no service to the United States if business leaders abroad—whether in speeches or in private conversations—stress the view that the American economic system has been destroyed or will be destroyed by the power of labor. If American business representatives present the idea that the power of labor or the expansion of social programs have undermined our hope for survival, then we have only added to the Communist prediction that we will eventually collapse. Emphasis of our weaknesses can only create more problems for us in a world that is peopled by nations intent on trying to end up on the winning side.

## ***Labor and Business Could Make Contributions***

There is no doubt in my mind that American labor and American business can make a great contribution abroad. Both groups can be helpful in selling an accurate picture of America. Both groups can be helpful in developing better industries, more jobs, and better working conditions in the underdeveloped areas.

But, first it is essential that our labor and management agree to end their bickering at the nation's border. It is quite acceptable for them to continue their feuding on labor contracts in Detroit, Chicago or any other United States locality. But, it must be regarded as unacceptable for either labor or management to treat the underdeveloped nations of Africa, Asia, South America or the Middle East as simply another forum for continuing the same old harangue.

I have no doubt that we have the best practical political and economic system in the world today. I have no doubt that it will continue to represent the best chance for political justice and economic betterment if we are only reasonably intelligent in making minor modifications to meet changing times. I have no doubt that this picture of a strong American system can be conveyed to the masses of the world if we can only put a proper emphasis on our strengths.

Business may have problems with outmoded work rules, featherbedding and some corrupt and arbitrary union officials. But, as a whole our business is blessed with a fine work force of skilled people, responsible people and educated people who can be trained quickly. The high wages paid to the mass of the working men provides a huge market for business.

Labor may face some arbitrary business leaders, and may have problems in a few areas in getting fair

hours, wages and working conditions. But, as a whole our work force is well paid, has good working conditions, and reasonable hours and fringe benefits. The disputes that cause strikes center on relatively insignificant items—a few cents an hour for wages, a few dollars a week in fringe benefits. It is seldom that the facts will justify characterizing labor as bent on irresponsible demands that will bankrupt the business. It is seldom that the facts will justify characterizing business leaders as heartless men intent upon keeping the labor force in a state of poverty or oppression.

Business and labor have the opportunity, as well as the responsibility, to put the best foot forward. They cannot do it by going abroad and panning each other.

Only business and labor can do the effective job of demonstrating those things that are best in the American economic system. Our political representatives can do some effective work in this area, but largely it must rest on the shoulders of those representatives of labor and management who go abroad.

Certainly, we can't expect our cultural, agricultural or scientific exchange groups to be our best ambassadors on the crucial field of industrial development.

### ***Suggestions for Better Representation***

Here are my suggestions as to what is essential if labor and management are to make a significant contribution overseas:

(1) Both labor and management should seek to avoid sending anyone overseas who is not an ardent believer in our political and economic system. Those who have serious doubts about our system cannot be effective in selling it.



(2) Only the highest type personnel should be sent abroad by labor or management or by the government in selecting persons for the labor or management field. It is better to have a few first rate ambassadors than to have a great many inarticulate fumbler. Unfortunately, I found a great number of labor representatives who appeared to be cast-offs from their local unions or the national unions. The international programs—government or private—should not be considered a dumping ground for incompetent people national unions want to get rid of.

(3) There must be some coordination and cooperation between labor and management representatives sent overseas. This would call for some program of indoctrination so they will recognize the difference between giving an inflammatory speech in Detroit or in Nairobi.

(4) A meeting should be arranged—probably under White House auspices—of a few top representatives of labor and management to discuss the problems and the objectives. I believe this is essential to any broad program of coordination, and I believe it can be effective.

### ***Long Range View Is Essential***

The slow and patient work of representatives of American business and labor can serve as an example for labor and management in the underdeveloped nations. Every effort should be made to avoid the pressure for some spectacular program or stunt that merely draws brief attention, but has few long-range benefits.

There should be a specific effort to eliminate any firebrand orators or extremists. Such people do not help solve problems, but are more likely to create new problems. Certainly the labor, political and management leaders of Africa and the Middle East

do not need any schooling in irresponsible firebrand oratory. What they need is a guiding hand on the basic dull chores that are an essential part of organizing either a business or a good trade union.

It is best not to fall into the error of being tied too closely to any single political group, for it is difficult to tell how long any of them will last. We are not playing for temporary good will or a year or two of good business. We should be trying to set an example that over a period of many years will make it obvious that ours is the best political and economic pattern.

In the past there has been cooperation between labor and management in England through the British Colonial Office. It did not eliminate all the friction between labor and management in the colonial territories but it did a great deal to modify the views so labor and management were not working against the best interests of the government. I would think that there is much that we can learn from the British, French and Swedes in this area.

Despite weaknesses, and even failures, in the past efforts abroad, United States labor and management can make a real contribution in selling our system in far off lands.

In fact, I do not believe it would be much of an over-simplification to state that representatives of these groups are the only people who can demonstrate how well our system works. At this stage, too much time has been wasted with bickering. Too much time has been spent on unwitting distortions of the picture of industrial relations in America.

The United States is not one big gangster movie. It is not a perpetual cowboy and Indian chase. It is not Hollywood.

Neither is American management the worst of our business barons of 1890 and American labor is something besides the top management of the Teamsters union. It is time that a

great deal of thought be given to selling America for what it is, and not as the Communists picture it.

[The End]

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# The Impact of Western Trade Unionism on Africa

By ARNOLD ZACK

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The author is an attorney  
and has offices in Boston.

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OUR DAILY newspaper reading has made us all experts on Africa. We know of bloodbaths in Angola, Roy Welensky and his federation, the Volta River project, and Katanga's fights with Leopoldville. The incredible pace of political events in Africa, and the enormous contrasts that are inherent in the continent itself, seem to lead to the frustrating conclusion that nothing is going well.

Is there anything happening beyond the troubling headlines to justify confidence in the future?

There is probably no field of African studies that is more important, or more dynamic or further removed from the public eye than our own area of interest—industrial relations. Although everyone may know that Sekou Toure of Guinea, Cyril Adoula of the Congo, Rachidi Kawawa of Tanganyika came to be heads of government in their countries from their positions as trade union officials, this is considered only in passing. Yet it is strong evidence of the increasingly important role played by the trade unions in the continent and reflects their influential position in the economic, educational, political and cultural

development of the newly emerging countries of Africa.

It is the purpose of this paper to examine the impact of Western trade unionism in Africa with particular reference to the role being played at present to stimulate democratic trade union development. But first, let us turn to a brief historical view of trade union development in Africa. We shall then look at current programs of Western assistance, and finally, examine the impact, if any, that has resulted from these contracts.

## *Historical View*

Historically, it is well known that Africa's early economic role was as a supplier of the raw and extractive materials that did so much to stimulate the economic development and industrialization of her colonial masters in Europe. Somewhat later, Africa came to be viewed as an Adam Smith-like market for absorbing the surplus production of European industry. Throughout this period, which lasted until the Second World War, the labor scene in Africa was quite different from anything which we had experienced in our labor history. Three main areas of employment were being developed: agriculture, mining and administration.

Agricultural raw materials, needed in Europe for human consumption or

for industrial use, were usually grown by subsistence methods and harvested by local labor at the request of, or under pressure from, tribal chieftains, African middlemen or European purchasing agents. The local labor force for agricultural work was seasonal, called in for land clearing and harvesting, and usually performed its work in the context of the indigenous or tribal society rather than as part of any cash economy.

The situation was somewhat different in the extractive industries bent on mining the ores and minerals increasingly essential to the industrialization of the Western world. These industries usually required personnel skilled in machine and equipment operation, working on a full time, 12 month basis. It was difficult, therefore, to induce Africans to abandon their often idyllic agricultural lives in the rural society, for longer periods of the year, even if they had somehow mastered the skills required for handling tools and machines of the industrialized world. Accordingly, it became common practice to bring in large numbers of white miners to staff the growing operations of the extractive industries. Some African labor was lured into employment on a full time basis but only to perform the more menial tasks in the mines. Due to the strong family ties, the demands of their agricultural economy and the lack of appeal of full time wage earning, these workers were largely short term migratory employees, and properly classified as target laborers.

In the third sector, administration, employment was entirely confined to expatriates skilled in government or business administration who had come to the colonies as career officials. Due to the paucity of educated Africans prior to the war, almost all work was performed by Europeans from policy

makers down to typists, bank clerks and sales personnel.

Such was the employment context in Africa prior to the Second World War. All skilled jobs, of either manual or intellectual variety were held by Europeans, while those Africans who had undertaken the break from traditional societies were working on a short term and/or unskilled basis.

### ***Early Trade Unions Not Strong***

The trade unions at this juncture were very feeble. Some local unions had developed in the British and French colonies in West Africa, and among the white mine workers brought in to work in the Copperbelt of Northern Rhodesia and Katanga. Unions on the whole were isolated, poorly organized, ineffective in dues collection and insignificant as a force in the political or economic sphere. British and French administrators did make efforts to stimulate the unions as a protective force for the Africans against exploiting white employers, but their efforts were minimal. There was at this time very little contact with European unions. The latter were occupied with their own national interests, and, like the rest of the world, viewed Africa as a backward area with few economic, social or skill ties to the west.

### ***World War II Makes Great Changes***

It was the Second World War which made the single greatest change in the role that Africans were to play in their own continent. Military service on the battle-fronts of Asia, North Africa and Europe opened the eyes of the hitherto passive Africans to the dynamic role played by laborers in other parts of the world and instilled in them the desire for more consumer goods, a more vocal role in determining their own destinies and a more just share of the wealth that was being

taken from their lands for the enrichment of the Western world. In addition, the United Nations Charter had committed the world to the principle of self-determination and self-government, and had awakened the colonial powers to their responsibilities to Africans as human beings. It became necessary to train them for the positions of leadership which would inevitably become theirs. This was heightened by the increased awareness that Africans would have to be brought into the cash economy and into government and commerce to meet the increased demands of the growing economies of these territories.

Inspired by their prospects of self-government, by the increasing recognition given them as contributors to society and economic development, and by the leadership of their educated elites, the Africans turned to trade unionism as a means of expressing their hopes, and attaining their goals. European government officials actively stimulated trade union development as a means of training leaders and a means of giving the African workers a greater share and voice in their own futures. They brought trade union officials from Belgium, Britain and France to work as government labor officers.

The growth of African trade unions during this initial post-war period was attributable to the efforts of the Africans themselves, the efforts of sympathetic government officials, and the interest of local managements in creating a channel of communication to bridge the color gap with their workers. Western European and American trade unions actually took very little interest in this emerging labor tide until they themselves became wrapped up in the growing ideological struggle which was making itself felt throughout the labor world. They were soon faced with the fact that the workers' international

body, the World Federation of Trade Unions, was being used by the Communists as a means of spreading their ideology and gaining political control over independent trade union movements. Western trade unions, stimulated into international activity by the war and the membership of their respective countries in the United Nations, became more and more interested in the responsibilities of the trade unions in advanced countries for the development of similar organizations in the lesser developed areas of the world. In 1949 as we know, they withdrew from the WFTU, which by this time was well under the control of the Communists, and established the International Confederation of Free Trade Unions, with headquarters in Brussels. At the same time they undertook programs to stimulate the growth of democratic trade unions throughout the free world, endeavoring to instill in these organizations those traditions of functional democracy, self-expression and independence which would enable them to withstand the attacks of Communist bloc propagandists and political manipulators. With strong democratic organizations, the founders of the ICFTU reasoned, the world's workers would be able to undertake a common effort at raising standards of living and working conditions in the lesser developed areas of the globe.

### **Governmental Programs**

The activities of the ICFTU in this field encouraged individual national trade union centers from the Western world, the International Federation of Christian Trade Unions, and the International Trade Secretariats to also undertake programs of assistance to the newly developing trade union movements. Individual governments, notably European countries and the United States through its Leader Grant Program, also sought to enter

this field by training trade union leaders and exposing them to trade union operations and practices in their respective countries. There was general trade union mistrust of governmental activities in the labor field, particularly activities of those governments which only a few years earlier had served as colonial masters in Africa, and of those countries identified as their allies. Because of this, governmental programs were not always as successful as they might have been. The full burden of developing trade unions therefore fell upon the shoulders and the limited pocket-books of the workers organizations themselves—internationally and in individual countries. The extent and depth of trade union involvement is little known outside of Africa, but is widely accepted and I believe, welcomed within the continent itself.

### ***Educational Programs***

The ICFTU has been conducting programs of education and trade union leadership development in Africa since the early 1950's. It has enlisted two dozen national trade union centers in its membership, and elected a number of Africans to leadership on its Executive Board, such as Cyril Adoula, Tom Mboya and Ahmed Tlili. As early as 1951, it began holding trade union conferences in Africa on a regional, intercountry basis, first in west and then in east and central Africa and more recently on a continent-wide basis. It has provided short term courses of instruction in trade union organization and structure, collective bargaining negotiation techniques, labor law and the like for trade unionists from all affiliated national centers either in their own country or on a regional basis, with such courses running from three days to two months. At present there are one month courses being taught in Ivory Coast, Senegal, Congo (Braz-

zaville and Leopoldville) and Gabon. Two other one week courses for female workers have just been completed in Abidjan and Leopoldville.

Among the most thrilling educational projects undertaken by the ICFTU have been the establishment of labor colleges. The first in Africa, opened in 1958, in Kampala, Uganda, for English speaking Africans, has recently moved into its own newly built college buildings, while the second, to begin operations in Abidjan for French speaking trade unionists, will open in January. The Kampala College brings together 40 Africans from 18 affiliated countries for resident training lasting four months. The course covers the following subjects: trade union organization and administration, industrial relations and collective bargaining, labor statistics and economics, labor laws and legislation, African economic and social problems, as well as techniques of workers' education and communication. The present teaching staff of the college comes from the United States, Canada, United Kingdom and Sweden and is under the directorship of Joseph Odera-Jowi, a Kenyan economist trained in India. In addition to its resident curriculum, the college has been active in establishing an extramural department which has been developing short courses for trade unionists throughout English speaking Africa, utilizing the services of the staff of the college, and the graduates from the respective countries in which the courses are taught. The college has also undertaken an extensive publication program providing graduates with study guides for their teaching convenience at home and bulletins keeping them informed of current events in the labor field. Finally, the college has just inaugurated a new statistical and research department endeavoring to overcome the great lack of statistical information

on wage rates, living costs, contract provisions in use, etc. This last activity will be a help to management and government as well as the trade union movement.

### **International Trade Secretariat**

The ICFTU has not operated alone in its educational activities. The International Trade Secretariats have taken a very active role in educating the workers in their respective industries as to the problems encountered in their organizational drives, the techniques of administration of unions and other areas of general trade union interest. These courses are usually held on a country by country basis, but on occasion have been operated on a regional or continental basis with simultaneous translations in French, English and Swahili.

The International Federation of Christian Trade Unions, or IFCTU with 19 affiliates in 18 primarily French speaking countries has contributed to educational development by sponsoring seminars in Africa and by providing apprenticeships to the headquarters of their affiliated national centers in Europe, notably in France and Belgium.

Other individual national centers have offered educational assistance either through training opportunities offered in the host country, the African country or in third countries. For instance the British TUC has for many years offered educational opportunities at Ruskin College at Oxford for aspiring trade unionists. The AFL-CIO did similarly in a program worked out with Harvard University beginning in 1958. Last year the AFL-CIO in collaboration with the ILGWU had a group of six Africans from the clothing industry serving a type of union and skill apprenticeship at their New York headquarters. The AFL-CIO has also been instru-

mental in the support of the Afro-Asian Institute established by Histadrut in Tel-Aviv where a considerable number of Africans and Asians are training in labor and cooperative subjects. The AFL-CIO has supplied funds for scholarships to match the Israeli funds for up to 60 accepted enrollees per year. Similar educational opportunities are provided by the Scandinavian countries, by Germany, Switzerland and Austria.

As important, and as widespread as educational assistance may be, it is not the only area of Western labor interest in Africa.

Probably of even greater impact, at least on the short term, has been the program of providing on the spot advisors to the newly developing trade unions. The ICFTU, together with the ITS now have 15 such advisors or representatives serving in nine countries, as follows:

Nigeria .....	5
Mauritius .....	1
Kenya .....	2
Congo-Brazzaville .....	1
Upper Volta .....	1
Cameroons .....	2
Malagasy .....	1
Uganda .....	1
Northern Rhodesia .....	1

The IFCTU has provided French and Belgian trade union officials as advisors throughout French speaking Africa. These representatives have all served for upwards of one year, gaining acceptance in the community, learning the local problems, and assisting in developing the trade unions to become viable institutions. They have also done a great deal of good in demonstrating that the citizens of former colonial (or neo-colonial) countries, particularly in the labor field, are not "lackeys of imperialism," but rather fellow trade unionists interested in attaining the same goals

as the Africans themselves, and often fighting the same enemies. Experts of the International Labor Organization, who while still strictly in the government sphere, are generally more welcome than advisors sent directly by individual Western countries because of their United Nations identification. They have made marked contributions in workers' education, in advancing protective legislation for workers and in promoting minimum standards of wages and improved working conditions.

### **Financial Assistance**

Financial assistance has also been extended by both international labor groups and national centers to the new trade unions of Africa. Hampered by lack of effective dues collecting machinery, the African trade union centers are frequently unable to support themselves. Grants to provide salaries for the full time union officials, vehicles to permit contact and visits to their far-flung members and office equipment to facilitate union administration are offered in an attempt to overcome the initial lack of revenue in union organizing. For instance, the AFL-CIO granted \$56,000 to the Kenya Federation of Labor in 1958 for the construction of its Solidarity House headquarters in Nairobi.

These programs of technical, manpower and financial assistance typify the extent to which Western trade unionism has attempted to help in the development of African trade unions. But they do not tell the full story of Western unionism's impact on Africa. This is perhaps best explained by indicating the reaction of these same unions when faced with the ideological challenge of WFTU activity in Africa.

Throughout this post war period of technical assistance by the trade unions of the free world, the Communist

controlled WFTU had been relatively quiet and inactive. The African affiliates of the British colonies had switched from WFTU to ICFTU in 1949, but the African affiliates in French colonies remained in the WFTU until 1955 and 1956 when they transferred their allegiance to the General Union of Black African Workers known as UGTAN in an attempt to raise the banner of African unity. Personal relationships with WFTU continued by UGTAN participants at WFTU congresses, even as recently as 1961 in Peking. Nonetheless, except for travel grants to political trade unionists to East Europe and political training of union leaders at schools in Prague, Budapest and Conakry, WFTU activities were minimal in seeking to undermine the activities of the West in Africa.

### **All African Trade Union Federation**

In 1958, at the first All African Peoples Conference led by Ghana, Guinea, Mali, Morocco and the UAR, the Communists attempted to achieve the political disruption through the trade unions that they had been unable to achieve through political parties directly. They called for the creation of an All African Trade Union Federation. On October 6, 1959, while the ICFTU was holding its Second African Regional Conference, this Casablanca-based group called a rump meeting in Accra, and began preparing for the establishment of AATUF which was to be the sole African trade union movement. In order to assure its success, WFTU began to sponsor local rivals to ICFTU affiliates in those countries where the ICFTU was functioning unchallenged to thus detract them from their unionizing activities and plunge the workers into internal conflict. Financed by acknowledged funds from the Communist bloc and by gifts from a surprisingly affluent

Ghanaian TUC treasury, these rump national centers sounded the call for an All African Trade Union Federation indigenous to Africa and without outside interference from foreign shores. Holding a meeting in Casablanca in May, 1961, the Federation reluctantly opened its sessions to the ICFTU affiliates. They had been all but barred from the Casablanca power controlled preparatory meetings, had been limited in their share of program participation at Casablanca itself and even had been assigned reduced voting rights. Throughout the sessions, speeches extolled the virtues of African solidarity and the need for a stronger trade union movement (although the sponsoring countries had largely seen to it that their own trade unions worked as vehicles for the state rather than as spokesmen for their workers). At the last session, when one-third of the delegates had left, a resolution was introduced calling for disaffiliation of all African trade unions from international organizations within ten months. No counted vote was taken; the resolution won by acclamation. The WFTU had little to lose by this action since it could continue to work effectively through the AATUF. It endorsed this move which was blatantly aimed at curtailing the effective program of the ICFTU, IFCTU, ITS and perhaps even the ILO in Africa.

### **WFTU Hails AATUF**

In Moscow, December 4-16, 1961, the fifth WFTU Congress hailed the AATUF as anticolonial and against imperialism, feudalism and reaction. It stated: "The AATUF and the African workers have in this field sincere friends—the WFTU." The challenge was there, and the western trade unionists in Europe and America were powerless to act, if indeed they wished to, on this question which was properly to be decided by

the Africans themselves. John Tettegah, General Secretary of Ghanaian TUC said: ". . . the AATUF will wage total war on African unions refusing to disaffiliate from other international organizations. We shall isolate them, and enter their countries and form AATUF unions there. It is as simple as that . . . total war."

The appeal of the Casablanca powers was clear: a single trade union body for all Africa, isolated from the East-West struggle, with prospects of African solutions for African problems. The months rolled on and the free world watched in this crucial battle for democratic versus authoritarian trade unionism. One by one the ICFTU affiliates in Africa succeeded in strengthening their internal positions by crushing the phony unions which had been set up in each of the countries. In this they benefited from the WFTU's selection of castoffs and dissidents without following and the blatant overuse of Eastern funds. The six month period set for the next AATUF meeting arrived and passed without mention by the Casablanca powers, due no doubt to internal difficulties within their own family arising from suppression of strikes in Ghana and Guinea.

In January, 1962, a new, all African meeting was called in Dakar by Tunisia, a strong ICFTU affiliate, at which a new African-wide trade union body, the African Trade Union Confederation was called into being. Unlike the AATUF, the constitution of this organization permitted continued national affiliation to international groups for all desiring them.

The ten month period for disaffiliation had passed on March 31, 1962. By that date not one national center had disaffiliated from the ICFTU. The Communist effort to exclude the democratic trade unions of the free world from their educational and or-



ganizational efforts in Africa had lost—at least this battle. They were halted in their attempt to invade the trade unions and use them as a device for spreading confusion and capturing political leadership of the new nations.

The true impact of Western trade unionism had begun to make its mark . . . the introduction of free and democratic trade unions, dedicated to the championing of the rights of the members in a free society, and oblivious to attempts to warp the minds of men by asserting authoritarian control over their once free institutions. This initial victory for the free and democratic trade unions of Africa is a significant one, but not a final one. It is quite certain that the Communists will renew the attack. Awareness of this has stimulated the ICFTU, the IFCTU, the ITS and the various national centers affiliated to these organizations, to a renewed program of education and union building. The prospects are encouraging. There is evidence the African trade union leaders have seen through the front of AATUF. As Laurence Bocha of the TUC of Nigeria stated at the Dakar ATUC meeting: "Those men who call themselves neutralists and condemn only one side are not neutralists but tools in the service of an ideological machine which feeds them, not bread and butter, not social justice, but empty slogans." Similarly trade union assistance from the West has been welcomed. As Alphose Kithima of

the Congo said, also at Dakar: "The AATUF leadership regards it as undesirable for the young African trade unions to get to know that other unionism which keeps itself free from all governmental pressure and which has made it possible for workers, even in certain western countries with a heavy record of imperialism, to support us, the colonized, against their own governments, the colonizers." The ICFTU affiliates must show their desire to contribute to the development of their respective countries while at the same time protecting the workers' rights. In this way they will come to be looked upon by business and government as an equal but friendly force in the movement toward democracy and as a valuable partner in the economic development of their countries.

The impact of Western trade unionism has indeed made its mark on the trade unions of Africa, by stimulating them toward the democratic tradition. But the victory of last year and the burdens of the future are upon the African workers themselves and must be borne without our unilateral interference into their affairs, but with understanding and educational assistance and support when we are asked. The African unions deserve our understanding and respect in the dynamic role they are playing in preserving democratic institutions for all of us in the free world.

[The End]



# Dinner Address

By ARTHUR J. GOLDBERG

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## Secretary of Labor

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I WAS DELIGHTED to accept Bill Gomberg's invitation to speak to you tonight, especially in view of the importance of the subject you are examining at this spring meeting.

In your experience and in your research, as teachers, businessmen, or trade union leaders, you are fully aware of labor's influence on the nation's political and economic affairs.

On the world stage, you are also aware of the impact international trade unionism makes in the affairs of nations. I hope you will find the time and the inspiration to communicate your knowledge, for I suspect that most Americans have underestimated both the importance and the nature of labor leadership abroad.

Once this is fully understood, we can also appreciate the contributions of our own trade union movement in its efforts to assist other free countries in realizing their national aspirations.

I need not go over the history of the trade union movement in this country in order to remind this audience that labor was in the front rank of the American advance toward social and economic institutions that gave this nation the strength to lead the free world.

Since the war, scores of new nations have set out to achieve in a few

decades what the United States and American labor has achieved in two centuries. In numerous cases the instruments of economic and political action are being forged or are influenced by political leaders who were or still are labor leaders.

You know their names. In Africa: John Tettegah of Ghana, Tom Mboya of Kenya, Sekou Toure of Guinea; in Asia: Ghandi and Nehru; in Latin America: President Mateos of Mexico, Luis Alberto Monge of Costa Rica, and Juan Lechin of Bolivia. Among the nations in which labor plays a decided and often decisive role are Colombia, Peru and Venezuela, Tunisia, and Morocco, and India and Indonesia.

### *Labor's Ideals in International Field*

In the international field, labor's ideals are often related to national ideals. The explosive forces behind social revolutions that have created so many new nations since the Second World War are not only similar to the forces that created the American labor movement, they are also those with which American policy has to deal. They are:

The desire to be free from exploitation, economically as well as politically;

The desire for equality of opportunity—opportunity for education, medical care, an adequate diet and a satisfying, remunerative job with decent and safe working conditions;

The desire to attain individual dignity—to become a person in the highest sense of the word.

President Kennedy, addressing South American business leaders in Bogota, said: "Unless all of us are willing to contribute resources to national development, unless all of us are prepared not merely to accept, but to initiate, basic reforms, unless all of us take the lead in improving the welfare of our people, then leadership will be taken from us and the heritage of centuries of Western civilization will be consumed in a few months of violence."

So we must take the lead. We are summoned not only because part of the world strains under the dialectic of materialism, but because human experience tells us that men want to be free, not after the instruments of a social experiment are perfected, not in the future, but now.

In the same manner that the ideological contest has affected so many areas of our life, it has also affected the American trade union movement's international activities.

We cannot underestimate the threat that communism poses with its efforts to penetrate the trade unions of developing nations.

One of the most disturbing aspects of the communist activity in these areas of the world has been their focus on the young labor leaders. Each year, large numbers of promising young unionists—men who can be expected to grow in influence as industrialization progresses in their countries—are invited to Moscow for courses in communist ideology and methods.

### ***International Exchange Programs***

For many years this government has participated in a number of international exchange programs, but I do

not believe that the challenge can be met by matching the Soviets with equal numbers. I would be the last to underestimate the value of our exchange program, for I am sure that most of the 1,000 visitors to this country who came to observe our unions, our industries, and our methods of free collective bargaining carried back a favorable impression.

Trade unions in this country are helping to meet this challenge by participating in and developing specific programs to create a better understanding of what a free trade union movement means. Government must also step up its activities in this area.

I believe it is imperative to accelerate our labor attaché and labor information services around the world. In Latin America a number of new information officers have been appointed. In Mexico, for instance, Joe Glazer of the United Rubber Workers, whom many of you know, will assume this delicate assignment.

Many men who have been closely associated with the American labor movement now hold high diplomatic posts. Ben Stephansky is our Ambassador to Bolivia; Phil Kaiser is Ambassador to Senegal; William J. Handley is Ambassador to Mali; and, of course, you all know our Assistant Secretary of Labor, George Weaver, who directs the Labor Department's international activities and makes important contributions to our nation's policies abroad.

### ***Contributions of the ILO***

Next month, it will be my privilege to head the United States delegation to the International Labor Conference—a delegation which will comprise leaders of American labor and industry, as well as government representatives. I will carry with me to Geneva the pledge of our govern-

ment to continue its support of the ILO.

The ILO makes a direct contribution to economic and social stability throughout the world by promoting improved labor conditions and living standards.

ILO technical personnel are active abroad. Advisors are regularly sent out to help member states prepare labor laws and establish social services. Missions of inquiry are sent out to investigate charges of substandard labor conditions. Its field missions are available for advice on manpower, migration and technical training.

The technical assistance programs of the ILO have been an effective means of reducing poverty and raising hopes for long-forgotten peoples. Let me give you a specific example of what I mean.

There are about 7,000,000 Indians scattered along the Andes Mountains in South America. In 1953, the ILO, in cooperation with four other specialized agencies of the United Nations, launched the Andean Indian Program under the United Nations Expanded Technical Assistance Program.

A whole series of action bases have been set up to meet local and regional needs. They stretch for 1,800 miles from Ecuador to Northern Argentina. Each base is staffed with United Nations employees and nationals of the country.

You can see how realistically this grass roots program is pitched and how desperate is the need when you look at a base team. You find an agronomist, a veterinarian, a doctor, a nurse, a midwife, a social worker, a teacher and handicraft and vocational training instructors. Each base reaches out for the Indians in its area to teach carpentry, reading, writing, how to deliver babies and simple sanitation.

## ***International Confederation of Free Trade Unions***

An extremely vital role in the development of the rising nations is being played by American labor especially through the International Confederation of Free Trade Unions and the 19 International Trade Secretariats.

These organizations perform a number of important services, making the ICFTU, in effect, free labor's spokesman at the international level on a wide range of issues of direct concern to their members.

In one of its major functions it provides financial and technical assistance to unions in all parts of the free world. In the newly developing nations, especially, experienced trade unionists work closely with local union officials in administering leadership training programs, in conducting organizing drives, in collective bargaining negotiations and countless other ways to build soundly administered, effective labor unions.

The activities of the international free trade union movement—which altogether comprises almost 60 million members in more than 100 countries of the free world—represent a considerable investment in manpower and money. American labor can be justly proud of the part it has played in this great movement and of the significant contribution it has made to progress of mankind around the world.

It is a highly important fact that President Meany of the AFL-CIO has always ranked as a first priority American labor's participation in the international labor movement and is one of the outstanding leaders who supports the ICFTU and the ILO in their important activities.

I have no doubt that American trade unions will continue to play a

vital role in preventing communist penetration of the international labor movement. We will win the struggle on this front, not because of superior salesmanship but because of a fundamentally sound concept of trade unionism. Our unions have been free to bargain, and they have won recognition of the fact that labor is more than another means of production. Their strength lies in their progressive tradition and in the respect and recognition they have earned in providing economic opportunities, better living standards and dignity to our working men and women.

The prospects for the free world depend on each of the diverse institutions in our society. What government can do to secure the peace and preserve free institutions, the trade union movement can also do, and sometimes do better.

### **Free World Labor Fund**

A further evidence that a mature labor movement is preparing to meet the nation's increasing responsibilities also came in an announcement from the Executive Board of the United Automobile Workers this week.

The Board announced that it would recommend a UAW contribution of more than \$1,500,000 to what it will call the Free World Labor Fund. One of the fund's primary objectives is to promote higher wages and improved labor standards for workers in foreign countries.

I believe this action by the UAW leadership is a further example of enlightened self-interest. It answers the President's injunction: Ask what you can do for your country.

Labor's responsibility to foreign trade unionism was met also with the establishment of a Labor Advisory Committee for the Alliance for Prog-

ress to advise the government on inter-American efforts to promote a sound program of labor action for Latin America.

This Labor Advisory Committee is made up of ten labor leaders and is chaired by George Meany, President of AFL-CIO.

President Kennedy has emphasized that in order for the Alliance for Progress to develop a meaningful and progressive labor program for Latin America, it must be all-American with full participation of the people of the countries concerned. Also, it must assume more the nature of a "movement," than a program, with active actual worker participation. The Alliance for Progress is based on the acceptance of mutual responsibility for reforms in taxation, land use, employment, housing and education.

It is essential, now, more than ever, that the government receive the benefit of the advice and cooperation of the American labor movement.

The newly formed Friendship Office of the AFL-CIO Committee for the United Nations is another illustration that American trade unions are alert to the prospects for the free world. Its function is to introduce United Nations delegates from foreign countries to the United States labor movement, particularly those delegates with a trade union background. It will help achieve a fundamental purpose for the United Nations, which is to foster greater understanding and personal contact among peoples of all countries.

I believe that American labor has subscribed to the provision of the United Nations charter calling for self-determination of all peoples. To paraphrase the President, our trade union movement has pledged its best efforts to help the people of the world help themselves. [The End]

# The Puerto Rican Labor Movement

By WILLIAM H. KNOWLES<sup>1</sup>

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ALTHOUGH Puerto Rico has been closely associated with the United States since the Spanish American War, the cultural environment being distinct has produced its own particular labor movement. Sixty years of union association with the AFL has not yet produced, in duplicate, American style trade unionism. In these times of concern about aid and technical assistance programs for unions in emerging areas, it is appropriate to briefly review the history of the Puerto Rican labor movement where American unions have had the longest experience with a technical assistance program.

## Puerto Rican Labor History

For our purposes, Puerto Rican labor history may be divided into three periods: the period of the *Federacion de Trabajadores Libres* (FTL), 1901 to 1939; of the *Confederacion de Trabajadores General* (CTG), 1940 to 1954; and the influx of international unions from 1954 onward. Unionism in Puerto Rico begins with its founding father, Santiago Iglesias Pantiñ. Iglesias was born in Spain, influenced by socialist and union ideas in Spain, was an active trade unionist in Cuba from 1887-1896, and left Cuba because of police troubles regarding union activities.<sup>2</sup>

Arriving in Puerto Rico he found that the island was without unions and without civil liberties as well. His organizing activities resulted in his imprisonment (at the time of the landing of American troops). Under military occupation, attitudes towards union activities varied from friendly encouragement to harassment and denial of civil liberties.

The *Federacion Trabajadores Libre* was founded in 1899 after existing political parties infiltrated into the one year old *Federacion de Trabajadores Regional*. The Socialist Labor Party, with a charter from Daniel De Leon, was formed by Iglesias in the same year with the idea that this would prevent political interference by outsiders into unionism. (The same group led both the party and the union for almost 40 years.) Thus unionism and politics have been closely associated from the very inception of unionism.

## Association with AFL

Iglesias' association with the AFL began in 1901 when he first met Gompers in Washington D. C. At that time he was made an AFL representative. The FTL was affiliated with the AFL in 1904. The AFL rendered a major service to the Puerto Rican labor movement through its political influence in Washington. The AFL, through political pressure, helped to assure civil rights for Puerto Rican unionists, without which, union organizing would have been much

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<sup>1</sup> The material presented in the paper is based primarily on interviews with government, business and labor leaders. Space limitations reduce it to a broad general outline. The author plans a book length history.

<sup>2</sup> Iglesias Pantiñ, Santiago, *Luchas Emancipadores*, Cantero Fernández & Compañía, 1929. See also Bolivar Pagan, *Historia de los Partidos Políticos Puertorriquenos*, San Juan, Librería Campos, 1959.

more difficult.<sup>3</sup> For example, Iglesias was saved from a three year prison sentence growing out of his leadership in a general strike.

Although the achievements of the FTL were not spectacular, most observers agree that an important contribution was made to the welfare of working men. The crafts were organized, but only the cigar makers were a trade of any substantial size. The great bulk of workers were sugar workers who were very poor, semi-literate, without job tenure, and at the mercy of the employer for housing and for credit at the company store. Akin to the sugar workers of most of the world, the FTL's sugar worker membership paid no dues and were involved in many sporadic short-lived strikes. Formal collective bargaining on an island-wide basis was not achieved until 1933. As in other parts of the world, these years of agitation did improve working conditions, even if collective agreements and efficient union administration were not secured.

The Socialist Labor Party, under universal adult suffrage, was a limited success winning some legislative seats but never winning a majority. The reason for this was simple: the workers sold their votes to other parties which had the money to pay. An informal alliance between the Socialist Labor Party and the Republican Party (both were pro-United States and pro-statehood) beginning in 1924 became a formal coalition which won the 1932 elections. Labor leaders took their share of government offices and Iglesias became Resident Commissioner in Washington D. C. (an office which he held until he died in 1939), and Prudincio

Rivera Martinez became commissioner of labor.

Critics of these labor-political leaders charge that they neglected their unions and also were ineffective in politics. They are accused of passing liberal social legislation without enforcing that legislation; of joining an unholy alliance with their enemies for personal gain. The supporters of the FTL-SLP point out that Gompers himself defended the union-party alliance in Puerto Rico, and argue that pure and simple unionism was impossible under the circumstances. They hold that the coalition was the only political alternative at the time, and are proud of the progressive social legislation which, they argue, provided the foundation for the era of social and economic reform under the Popular Democratic Party.

### ***Decline of the FTL***

The FTL began its decline in the late 1930's. The leaders were deep in political activity and were holders of government offices. Iglesias' death resulted in a struggle for leadership. The Socialist Labor Party split into rival factions, forming rival unions. The Popular Democratic Party, which was then the dominant party, helped to discredit the FTL by championing the enforcement of the Federal Wage and Hour Law in Puerto Rico—an action that the FTL leaders considered irresponsible. The AFL lifted the FTL's charter in 1952, and the union remains as one of the many small splinter unions in Puerto Rico.

### ***The Confederacion General de Trabajadores***<sup>4</sup>

The CGT was formed in 1940 by federating a small group of unaffili-

<sup>3</sup>The contribution of the AFL to the Puerto Rican labor movement is the subject of a PhD dissertation now being written by Professor Julia Rivera de Vincinte, University of Puerto Rico.

<sup>4</sup>Album VI Congreso, *Confederacion General de Trabajadores*, 1941; Francisco Verdiales, *Agentes Sobre el Desarrollo Obrero en Puerto Rico*, Departamento del Trabajo de Puerto Rico, 1945.

ated unions, some of which had been communist dominated. The chauffeurs union (truck drivers) led the unaffiliated unions. Prominent in the new federation were leaders of the Popular Democratic Party, such as Ramos Antonini. The CGT represented a revitalized labor movement. It swept the island, organizing many unorganized plants and taking the greater part of the sugar industry away from the FTL. Critics of the CGT see it as an alliance of weak communist unions and the dominant political party, using the power of the government to destroy a rival labor movement, as well as a rival political party. Supporters of the CGT answer that by 1940 there was little left of the FTL to destroy. On the contrary, the CGT filled the need for a dynamic organization to serve the workers. The CGT became affiliated with the CIO in 1949.

In spite of the support of the workers and of a friendly government, the CGT found that gains for the workers were difficult to achieve. The sugar industry, for example, stood pat on an eighth of a cent an hour wage increase in 1950. The union found that it did not have the economic resources to support strikes—the basis of bargaining power. Although the union played an important role in grievance handling, wage increases were won in the hearings of wage boards. As in many developing areas, conditions of employment were determined by political power, because workers had more political power than economic power.

The CGT did not last long as a strong federation. A personality and political conflict developed in 1945 causing Colon Gordiani, an *independista*, to take his faction into CGT *Autentica*. It remains one of the many splinters of Puerto Rico's fractured labor movement. The CGT split again in 1950, largely on dif-

ferences in opinion over Public Law 600 (giving Puerto Rico Commonwealth status). The supporters of Public Law 600, who were also Populars, held the larger membership, while the others, who tended to be excommunists and *independistas* formed another splinter group.

The main body of the CGT became the Puerto Rican branch of the Packinghouse union under the leadership of Armando Sanchez, a Popular Party Leader and Chairman of the House Labor Committee. Although the bulk of Packinghouse membership was in the sugar industry, it also represented the workers of distilleries, foundries and factories. As the dominant union growing out of a former federation, and as the only significant international union in Puerto Rico, it claimed all workers within its jurisdiction. This claim created jurisdictional difficulties when other international unions began to arrive on the island.

### *The Arrival of International Unions*

As indicated above, Puerto Rican unionism followed the pattern typical of unions in emergent areas: it was an underemployed, low wage, agricultural economy. With the success of Operation Bootstrap, however, individual factories grew into industrial groupings. American unions began to take new interest in Puerto Rico. Although a few craft unions and the Dockworkers union (tenuously affiliated with the International Longshoremen's Association) have had affiliation with American internationals for many years, and the sugar workers have been affiliated with the Packinghouse workers since 1952, the large influx of American international unions dates from approximately 1955. The ILGWU and the Amalgamated Clothing Workers Union followed the clothing industry to Puerto Rico. In rapid succession,



representatives of steel, rubber, electric, and state, county and municipal employees arrived to establish locals of their internationals. When the Teamsters came in 1958 Governor Muñoz Marin appealed to the AFL-CIO to keep them out. The AFL-CIO obliged by granting Teamster jurisdiction to the Seafarers International union. The Seafarers are, for the moment, ahead of the Teamsters in organizing trucks, although the Teamsters are making progress in other fields, especially in organizing hotel workers.

### **Reasons for Failure to Organize**

There are now 23 international unions in Puerto Rico. Most of them have a small membership. Government promoted industry (*Fomento*) is 70 per cent unorganized. The reasons for failure to organize are as follows:

(1.) Most of the plants are small—25 to 50 employees—and many are in rural areas.

(2.) For the moment the employees are satisfied. Factory work is more appealing than farm work or than unemployment. Year round employment represents a substantial increase in take-home pay.

(3.) Employers tend to be anti-union and workers are easily intimidated. Sophisticated employer tactics make protective labor legislation ineffective.

(4.) Workers lack union tradition. They are quick to strike in anger and are equally ready to return to work. They change union loyalties with ease. It should be noted that representation elections and the check-off, frequently recommended for stabilizing industrial relations in emerging areas, has not brought much stability to Puerto Rico. Some argue, however, that instability would be greater in the absence of these laws.

(5.) Many representatives of international unions have not been qualified for their work. A few have been alcoholics. Puerto Rico has been used as a tropical Siberia for unionists who are in disfavor with their international officers. Some international representatives do not speak Spanish. These representatives of American unionism have not won the admiration of Puerto Rican workers.

(6.) A multitude of independent unions challenge the organizing efforts of international unions. There are ten independent federations and 149 unaffiliated local unions. Of the 150,000 to 170,000 union members in Puerto Rico (exact number not known) about 75,000 belong to AFL-CIO unions. The leadership of many of these independent unions is intensely nationalistic, anti-United States and some are pro-Castro. While their appeal to nationalist feelings has not been effective, their activities have been troublesome and disruptive. Only a few of the independents are strong, stable unions.

(7.) Some Puerto Ricans are frustrated by their lack of autonomy in collective bargaining, charging that the international unions tend to dominate them—"a new form of colonialism." As a rule, there is autonomy in bargaining in local markets and little autonomy when dealing with branch plants of American corporations. The complaint, with a nationalist twist, is the same heard in California—that contracts are signed in Detroit and Pittsburgh.

(8.) There is also dissatisfaction as to the degree of autonomy of local unions and of the Puerto Rican Federation of Labor. There is a nationalist feeling similar to that found in the Canadian labor movement. There is now a trend to adjust to this nationalist sentiment.

(9.) The Packinghouse, Teamsters, and Seafarers unions claim jurisdiction over all workers and spend much time raiding each other and other unions. Their tactics have not made employers, the government or workers enthusiastic about American style unionism. Under the leadership of Augustin Benitez, the AFL-CIO regional director appointed in 1961, the jurisdictional problems are beginning to improve.

In spite of these handicaps, AFL-CIO international unions are making progress and most observers expect them eventually to dominate the labor movement. The internationals have the money and the professional administration. As the country industrializes there is a growing number of workers who need the services of job oriented business unionism. Where there are dedicated Spanish speaking union leaders who are close to the workers and give on-the-job service the international unions are making steady progress. It appears that the close identity between unions and political parties that has characterized Puerto Rican union history is beginning to weaken.

The present relationship between the international unions and the Popular Party is a complex and confusing one. The heads of several unions and the President of the Puerto Rican Federation of Labor are also leaders in the Popular Democratic Party and members of the legislature. They are criticized for putting politics ahead of unionism, looking to legislation rather than collective bargaining to resolve the problems of workers, and putting economic development above worker welfare. It is clear that workers are more loyal to the party as a source of benefit and security than they are to their unions. Critics charge that a competition exists in which the Popu-

lars go beyond normal social legislation to win worker support. Extreme critics go further, accusing the Populists with purposeful divide-and-rule policy, favoring one union and then another, in order that a unified labor movement will pose no threat to the entrenched political party. All of these charges are, of course, denied by the Populists. The fact remains that politicians are becoming less enthusiastic about unions as they are faced with jurisdictional squabbles and with reconciling wage pressure and job protection to the problems of economic development. Meanwhile, the international unions are growing and developing a union leadership without close contact to politics that heretofore existed. These unionists are coming to view political action from a market-oriented viewpoint.

## Conclusions

(1.) In spite of 60 years of association between American and Puerto Rican unions, the history of union development in Puerto Rico has tended to follow the pattern of unionism in other emerging areas. Only with industrialization has there been a start toward the development of stable, job-oriented unionism. Although there is good reason to be optimistic about the future of Puerto Rican unionism, the present situation is far from being a model one. Operation Bootstrap may be our showcase to the world, but the present state of unionism leaves much to be desired.

(2.) Using Daniel Bell's classification of unionism as a social movement and/or a market-oriented institution,<sup>5</sup> we may conclude that the FTL was a social movement because market oriented unionism was impossible. Since 1940, the social movement function has been jealously guarded mo-

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<sup>5</sup> Daniel Bell, *The End of Ideology*, Collier Book, New York, 1961, pp. 214-218.

nopoly of the Popular Democratic Party. The present international unions share the market function of unions with the government, but as industry develops, this may change. The present unions are not effective "managers of discontent," but are moving in this direction.

(3.) Using the Kerr, Myers, Dunlop, Harbison classification of unions,<sup>6</sup> three of their five categories now exist in Puerto Rico. The remnants of the CGT factions—weak, confused in ideology, anti-United States—are still

fighting colonialism. Those AFL-CIO leaders who are also leaders in the Popular Democratic Party fit in the nationalist category—viewing unionism and party as partners in building a new nation but are faced with conflicts over roles and goals. The more recent international unions in Puerto Rico, responding to middle class management find their style of unionism increasingly better suited to the evolving Puerto Rican scene.

[The End]

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## Present Dilemmas of the Japanese Labor Movement

By BERNARD KARSH and SOLOMON B. LEVINE

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University of Illinois

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**T**HE JAPANESE labor movement is approaching a new stage in its short history. Though its roots extend almost as far back as the AFL, not until the end of World War II did it emerge as a major force. Until 1945, unions in Japan existed largely in name only and hardly at all during the late 1930's. From a membership of zero at the war's end, the Japanese labor movement has emerged as the fourth largest in the world with a membership of more than 8,000,000. Its legal existence having been secured by both constitutional and statutory right, it now faces a set of major dilemmas which may

mean the difference between continued growth and stagnation or decline as they are solved. The dilemmas may be summed up by a single major quandary. The Japanese labor movement is at one and the same time probably the most political and apolitical major labor movement in the world. We propose here to examine the elements of trade unionism in Japan which give rise to this quandary.

### *Essential Characteristics of the Japanese Labor Movement*<sup>1</sup>

(1) The Japanese labor movement at the national level is essentially political rather than economic. Split into "right" and "left" socialists, its leadership at all levels, national and

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<sup>6</sup> "Industrialism and World Society," *Harvard Business Review*, January-February 1961 p. 16.

<sup>1</sup> For a comprehensive discussion in English of the Japanese labor movement, see S. B. Levine, *Industrial Relations in Postwar Japan*, University of Illinois Press, Urbana, 1958.

local, deeply distrusts the conservative government and is opposed to the capitalist system as a whole. Though there is a pro-Communist minority within the left wing, the controlling leadership of that wing and of the entire movement strongly opposes the Japanese Communist Party, which it views as an agent of the Russian state and party rather than representative of the Japanese workers.

(2) In general, the split results from differing emphases upon politics and party affiliation. The General Council of Trade Unions (*Sohyo*) with 3,968,000 members is the dominant center.<sup>2</sup> It is characterized as the "left" socialist federation and functions as the main organizational arm of the Japan Socialist Party. The newly formed Japanese Confederation of Labor (*Domei Kaigi*), with a membership of 1,408,000, is the "right" socialist federation tied closely to the Democratic Socialist Party.<sup>3</sup> A much smaller federation, the National Federation of Industrial Organizations (*Shin Sanbetsu*), with a membership of about 43,000 is the third national center. Unlike *Sohyo* and *Zenro* it emphasizes "pure" trade unionism. It is not tied to either socialist party but supports one or the other or both, as issues arise. In addition to these three national centers, slightly over one million workers (1,124,000) belong to about 1,500 national unions which are very loosely federated in a "neutral" center<sup>4</sup> and another two million (2,133,000) workers are members of about 22,000 totally independent local enterprise unions.

In spite of the split on the national level, the leadership of the national organizations often join in common fronts.

(3) Unions of government employees constitute the largest single block of organized workers. Nearly one-third of the organized workers are either national or local government employees—teachers, postal workers and employees of nationalized industries and public corporations, such as railroads, communication, tobacco, alcohol, public power and others. These trade union members have either limited or no legal rights to organize, bargain collectively, or strike. This is a central factor in evaluating the Japanese unions as largely political instruments rather than bargaining agencies. The enormous weight and leading role of the unions of government employees virtually dominates the largest national center, *Sohyo*, and largely explains its militantly political role. Approximately one-half of the *Sohyo* affiliated members are government employees.

(4) The basic form of organization is at the plant or enterprise level covering all blue-collar workers and white-collar as well, regardless of craft, occupation, job, or any of the other work-differentiating characteristics typical of American and European unions. Only those with supervisory authority are legally excluded from membership eligibility. These unions are legally independent of employers though often easily dominated by them. Except for the more than two million workers who belong to the totally independent local enterprise units, the enterprise unions affiliate to national federations along industrial lines and through the national industrial federations to the national centers (that is, *Sohyo*, *Domei Kaigi*, etc.), though an affiliated enterprise union retains a major share of power over financing and bargaining. The

<sup>2</sup> "A Monthly Survey of Labor Conditions in Japan," *Nihon Rodo Kyokai Zasshi (Monthly Journal of Japan Institute of Labor)*, Vol. 4, No. 4, p. 78.

<sup>3</sup> "J. T. U. C. Report," *Japan Trade Union Congress (Zenro Kaigi)*, Vol. VIII, No. 9, May 1, 1962, p. 3.

<sup>4</sup> Work cited at footnote 2, at p. 78.

very high degree of local (enterprise) union autonomy and independence makes it all but impossible for national unions to develop programs and provide assistance in collective bargaining functions.

(5) Union organization has developed primarily in the approximately 2,000 firms or government agencies having 300 or more employees. Such firms are about 90 per cent organized. Workers in the approximately 4,000,000 firms with less than 300 are left far behind in their rate of organization. Though the over-all national rate of organization is roughly similar to the United States (about one-third of those considered eligible in both countries), the differences between organized workers in large-scale Japanese industry and the small-scale unorganized Japanese workers on the one hand, and their counterparts in the United States on the other, is more real than apparent. While the unorganized American worker in small firms is often protected by labor market standards if not by government-imposed minimum conditions, neither protection is available to unorganized Japanese workers. In the absence of horizontal labor markets, wages and conditions are set largely through the power of workers' organizations where that power exists. Japanese minimum wage laws presently cover only about 12 per cent of all workers in small and medium size firms.<sup>5</sup>

Worker economic benefits in large-scale firms (over 500) are approximately three times, on the average, those in small-scale firms. The approximately 65 per cent of the eligible Japanese labor force which is un-

ganized lives very close to a basic minimum subsistence level. The Japanese refer to this as their "dual economy." Since labor markets are organized vertically within plants or companies, rather than either vertically or horizontally by job or occupation within geographical areas, the union's influence upon labor market behavior is restricted primarily to the local enterprise alone. Thus, collective bargaining on wages is carried on mainly at the enterprise level. This means that the range of issues dealt with is narrow indeed. The exception to this is among unions of government workers where wages are usually set by government appointed mediation commissions subject to the approval of the Cabinet or the Diet.

In substance, then, the Japanese labor movement is split not only organizationally but also by dominant function. At all levels above the local enterprise union, and especially at the levels of the national centers, the union is essentially a political organization committed to national programs involving workers as citizens primarily rather than as employees and union members. Given the restricted role of the industry-wide federation or national center in collective bargaining functions or benefit services (low dues, meager treasuries and relatively high expenses required for maintaining headquarters, holding conferences and conventions, etc., leave little resources for providing benefit services), the basic appeal of the national unions and the centers to the rank and file union member is based upon an *assumed* class consciousness and the relative success the unions may have in frequent struggles for wage increases.<sup>6</sup> Thus,

<sup>5</sup> *Japan Labor Bulletin*, Japan Institute of Labor, Vol. 4, No. 3, April, 1962, p. 3.

<sup>6</sup> We italicized "assumed" class consciousness since it is not at all clear that class identification is the principal source of loyalty

of the rank and file worker to his unions. "Enterprise consciousness" may more appropriately describe the union psychology of the membership.

at the national levels, unions are essentially political organizations. At the local levels they are essentially nonpolitical, bargaining organizations.

These, then, are the basic characteristics of the Japanese trade union movement. Our concern here is to examine the impact of rapid social, political, technological and economic change upon these basic characteristics.

### *New Influences*

We noted at the outset that Japanese unions are approaching a new stage in their history. This stage is being ushered in by a number of developments, which, to one degree or another, are occurring at an accelerating rate. The most important single factor in the long run is the fact that after more than a century of burgeoning population, Japan is the first major Asian country which appears to have successfully begun to stabilize this growth.

Coupled with the decline in the birth rate (about one-half of 1947 level), has been an economic growth rate almost unprecedented among all industrial nations. In the past decade, Japan has averaged an annual GNP increase of about 7 per cent, probably the highest in the world. In 1959 alone, the GNP increased over 20 per cent, and in 1960 about 15 per cent.<sup>7</sup> Indeed, a major problem now facing the present government is how to slow down this rate of increase because of the imbalances which it has created among various components of the economy. The spectacular growth is being fed by the emergence of large-scale industries devoted to satisfying an unprecedented domestic consumer's market. For the first time since the early part of this century, Japan has experienced a shortage of young workers, particu-

larly in the high-growth industries which have adopted technologies fully as modern as those found in the United States or Western Europe—notably the steel and engineering industries, textile, large-scale consumer durable industries, and the synthetic chemical industry. The skilled manpower required to man these facilities, however, is in very short supply.

The traditional practice of employment for life enjoined by a strategic minority of the most skilled workers and a reward system based upon age, tenure of employment, family size, etc., is undergoing the strain of the development of a market for workers and skills in short supply. In substance, interfirm mobility, though far from common in large-scale industry, is no longer unknown among skilled workers.

A third major post-war development is the increasing movement of people away from traditional agricultural pursuits into economic activities in urban centers.<sup>8</sup> In substance, "localism" with all of its traditional values is yielding to urbanism and a concomitant universalistic or cosmopolitan outlook. This may have a profound effect upon the sources of traditional Japanese social solidarity—the extended family, the hamlet, and the local economic enterprise which have produced an intense "groupism" rather than individualism. With the decline in the viability of the sources of traditional social solidarity, Japan may be in the process of producing a new kind of person who confronts his environment as an individual.

### *Changes in Postwar Era*

The postwar era has seen a number of major changes in traditional Japanese institutions: primogeniture

all-time low of about 35 per cent. Work cited at footnote 5, at p. 4.

<sup>7</sup> Work cited at footnote 5, at p. 6.

<sup>8</sup> Between 1955 and 1960, the farm population decreased more than 8 per cent, to an

was abolished; land was virtually given to the tenants and the landlord class reduced to relative impotence; the professional military caste was virtually abolished; unions were created and legalized; the Emperor was deified; the educational system was substantially changed from a principal support for nationalistic and militaristic values to universal secularism; a political party system which has its roots in universal suffrage was created. On top of these changes, Japan has been the recipient of Western popular culture on a massive scale: dress, recreation, modes of leisure consumption, western music and the rest of it. In effect, the postwar generation is increasingly bombarded with cultural elements which have few or no roots in Japanese tradition.

The most significant aspect of such changes is the pace at which they have and are continuing to occur. The changes have the combined effect of generating a number of sharp dilemmas which now confront the trade union movement.

### **Dilemmas**

Like elsewhere, unorganized workers present a major problem for Japanese unions. We have already noted that the Japanese economy is characterized by its "dual" nature. Japanese union leaders consider the leveling up of the wage differential to be one of the prime tasks which they face. In the absence of an effective labor market mechanism for determining worker income, the trade union in Japan has a special role in trying to increase real living standards. Two-thirds of the wage earners are unorganized and are a substantial drag on the unions in playing this role. This situation, of source, is faced by trade union movements in other industrial

countries. But the problem is enormously complicated in Japan because of the great plethora of small enterprises,<sup>9</sup> which are particularly adept at disguising underemployment.

The problem of organizing the enormous proportion of small and medium sized firms, one-third consisting of family workers only and another third of self-employed owners, is indeed staggering. The failure to organize at least some significant proportion of them means a continuing drag on the economic strength of the entire working class. However, a serious organizing effort requires the financial and other support of the existing major constituents, the enterprise unions. There is no evidence that these constituents are willing to give such support because of their particularistic interests. Yet, if there is any hope at all, the national union leaders must continue to cater to the narrow particularistic interests of the enterprise unions; and this, in the longer run, may be self-defeating for the national unions in the task of organizing. Confronted by this dilemma, the national union leaders see a way out by transforming the entire structure into "industrial" rather than "enterprise" unionism. But immediately a new dilemma is posed. This is related to the traditional cultural values which tie the worker and the employer together into a common plant community and provide that the worker is rewarded for his loyalty over the span of his working life. This system, though not universal in Japan, is known as "life-time employment," and reward on the basis of nonjob criteria.

### **Worker Shortage**

However, the shortage of young, skilled workers and the standardization of technologies, among other

<sup>9</sup> For detailed break-down of Japanese industry by size of firm, see Ministry of Industry and Trade, "Medium and Small Size

Industry Basic Survey, as of December 31, 1957."

things, has put a severe strain upon this traditional loyalty-reward obligation system. But unions oppose changes in this system even though the changes go in the direction of the development of a horizontal labor market which is the only mechanism available to unions other than their struggle strength for increasing living standards. Given the relative weakness of unions as collective bargaining agencies, it would appear that they might be in the leadership of moves to abandon the traditional hiring and pay systems. But the national unions are in no position to do this since these traditional values are a fundamental support for the whole structure of unionism which is based upon traditional attachments to the employer rather than a union or class consciousness. Given the fact that the basic link between the labor movement as a whole and the worker is through the enterprise union, what would replace this source of attachment of the worker to the union movement if the enterprise structure is abandoned? At the very least, a dangerous transition period would occur during which communication nets to the workers would be disrupted and the present ability of the national unions to mobilize workers in support of political and economic movements would be jeopardized. For example, the national leaders have for several years been pushing the government to ratify I. L. O. Convention Number 87 which would give the national leadership the right to represent enterprise union members in collective bargaining. Initially, of course, this right would extend only to unions of government workers where it is now denied. But it would also be a large wedge in increasing the bargaining role of national leaders among the enterprise unions in the private economic sector. However, there is reason to believe that leaders

of enterprise unions do not welcome the intervention of "outsiders" in those matters which have been traditionally related to the system of culturally determined worker-employer reciprocal obligations. Indeed, it may even be true that enterprise leaders use the threat of "outside" national union intervention as a weapon in their own limited bargaining. And this, in turn, strengthens their willingness to preserve the political functions of the national unions which are based upon a class struggle ideology. Again, another dilemma is introduced.

The recent strike of the coal miners at Miike, the most serious of all Japanese postwar strikes, demonstrated to all but the most obdurate Marxists that all of the combined strength of the union movement and its allied political parties cannot withstand a determined effort by large-scale management to weaken unions. The strike further demonstrated conclusively that the Marxist road to power through "workshop struggles" will not bring down a determined government but only result in the splitting of unions and the subsequent disappearance of the most militant Marxist cadres within them. Further, it has become abundantly clear that the all-encompassing enterprise union which includes all nonsupervisory workers within a single unit has an increasingly serious defect, whatever advantages it may afford. The defect results from the growing differing interests of the white-collar workers and their blue-collar cohorts. The white-collar workers, typically more skilled and better paid, are beginning to emerge as a new middle class in Japan. They are less willing to sustain the hardships of protracted strikes since they have, on the whole, less to gain and more to lose regardless of the outcome. Thus, in case after case, protracted strikes result in the splitting of the white-collar workers first and



their taking the lead in organizing "second unions" which lead back-to-work movements. And since protracted strikes are typically nurtured by the moral and financial support of national union leaders in their pursuit of the class struggle, there is growing pressure to dilute this classical Marxist ideology specifically and de-emphasize political activity generally, since the white-collar workers view it to be not only sterile but also unrelated to the present developments within both the workplace and the larger society.

For example, in the general elections of 1960, the conservative party (Liberal Democrats) substantially stole the program of the socialists by spelling out in detail the conservative's promise to double the national income in ten years by a whole series of social and economic programs. The Liberal Democrats presented themselves to the electorate as the party of progress and forced the opposition socialist parties into the position of claiming that the conservatives really did not mean what they promised and in any case, the socialists could do it better and quicker. Thus, unable to distinguish itself as the *only* party of progress, the Socialist Party is forced to emphasize traditional Marxist slogans particularly as they relate to international affairs. Anti-imperialism, neutralism, international working class solidarity, anti-bomb and peace movements, and claims to being the "true defenders of democracy," characterize the distinctive appeal of the Socialists.

However, this kind of appeal for support is increasingly further removed from the central core of interests of the workers as union members. But the national union centers, as we have noted, are the principal source of support for the socialist opposi-

tion and may have no other choice but to continue to be predominantly involved in national politics if the socialists are to become a mass rather than class party and avoid the stagnation of a permanent one-third minority status in the Diet. Indeed, the Japanese party system has been characterized as "one-and-a-half" parties rather than two because of the relative absence of a party organization among either of the two socialist groups.<sup>10</sup> Hence, with no other choice, the Socialist party and therefore *Sohyo*, the dominant national union center, will probably continue to emphasize present themes particularly on international questions. To do otherwise would be to surrender to the conservatives their claims to progressivism and defenders of democracy. But to continue as a predominantly political labor movement runs the risk of further isolating themselves from a rank and file whose immediate material interests are relatively unrelated to the politics of the opposition parties.

### Conclusions

It would appear that the risks of experimenting with different structural forms and shifting from predominantly political to collective bargaining activity, even if the national unions and centers could do so, runs the risk of jeopardizing the whole political and economic structure of Japan.

Japan has entered a new stage in its history which requires that workers be fully represented in the decisions of government and for the first time permits such representation. Indeed, the task of the unions is to increase their representation in the governmental process through their political parties. For, despite the postwar establishment of a political democracy with substantial checks on the former power of big business, the Japanese

<sup>10</sup> Robert Scalapino, and Junnosuke Masumi, *Parties and Politics in Contemporary*

*Japan*, University of California Press, Berkeley, 1962.

system is still no more than a one-and-a-half party system. Thus, the union movement has the formidable task of not only organizing for collective bargaining but also of organizing a stable and rooted political party structure which has the possibility of achieving power. These dilemmas arise from the fact that the Japanese

labor movement developed characteristics which were derived from a period of Japanese traditionalism that is now bombarded on all sides by tensions generated by the emergence of new political, social and economic forms. Adaptation to the new stage of development will not come easily. [The End]

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# The Italian Past and the Future of Impoverished Nations

By MAURICE F. NEUFELD \*

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**F**OR 5,000 YEARS of recorded history, ignorance, disease, war, tyranny and hunger have dogged the human race. Against the assaults of adversity, mankind created diverse economic arrangements, political structures, social institutions, patterns of thought and pathetic as well as exalted creeds for divine intercession and spiritual deliverance. These ventures ranged across time from the enduring stone-age villages of tribal life, the Sumerian civil code, the irrigation system of Egypt, the religions of universal salvation, the Greek city-state, the Delian League and the empires of Rome and China, to the caste order of Diocletian, the hierarchical culture of Medieval Europe, the national state, mercantilism, laissez-faire, democracy, imperialism and the

socialist and communist orders of the modern era.

Since World War II, the doctrine of economic growth has occupied the newest niche in the world's pantheon of heroic enterprises. With the advent of the Marshall Plan in 1947, public policy steadily heralded the virtues of economic development. Once prosperity and the Common Market emerged out of European reconstruction, attention turned from the West and focused more closely upon Asia, Africa and Latin America. Grim economic facts then exposed the serious limitations of industrial growth. They also compel the present to face the experience of the past.

## Post 1750

After 1750, revolutionary economic changes began to transform the condition of Western man. It is still almost impossible to grasp the full

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\* This paper serves as the introduction to a long essay, now in preparation, on the same subject.

import of that deep metamorphosis. Before 1750, real per capita income moved upward very slightly as century followed upon century. Subsequent to the sharp turn of human fortune merely 200 years ago, the production of industrial nations rose at a rate 30 or 40 times the pace achieved in earlier periods. Although population also expanded at unprecedented scales, real per capita income still doubled or trebled in each century since 1750. But these benefits accrued to only scattered patches of the globe: Western Europe, North America, Australia and New Zealand. The peoples of Asia, Africa and Latin America were left standing outside the show-case of these blessings, looking in, empty-handed. Now, year by year, the large gap between their per capita earnings and those of rich countries has stretched even wider.<sup>1</sup>

Today, two-thirds of the 3,000,000,000 human beings on earth struggle on at lowest levels of subsistence. Their savings, sparse at best, cannot provide the necessary capital investment for domestic economic growth. The retarded nations must therefore rely upon imported financial aid and technical assistance. They also receive from abroad the benefits of medical science, but these humane services arrive at a more advanced state and during an earlier phase of economic development than they did in the countries of the West. As public

health improves, the span of life lengthens. Heavy breeding turns into more and more surviving mouths to feed. Already plagued by malnutrition, these traditional societies experience but slight assuagement of poverty through the modest economic gains they can manage to achieve. Increased population immediately absorbs the slow advance of agricultural productivity which normally lags behind industrial progress in retarded and semideveloped countries. The tendency of prices of primary products to fall behind those of manufactured goods in world trade further depresses the economies of Asia, Africa and Latin America. This chain of circumstances links timely economic growth to massive capital imports. But even the most prosperous nations hesitate to guarantee a scale of aid and investments high enough to eradicate want from most parts of the globe within a generation.<sup>2</sup>

### *Historical Analysis*

This historical approach to this impasse lays bare, even more cruelly than economic analysis alone, the severely limited choices open to men now or in the past. Seemingly inevitable cultural, political and social impediments to progress stubbornly reinforce the economic deterrents to industrial growth. Advanced countries have already experienced kindred obstacles in the course of their develop-

<sup>1</sup> C. A. R. Crosland, "Towards a Welfare World," *Encounter*, 90, March, 1961, pp. 56-59. D. W. Fryer estimated that highly developed economies, predominantly industrial and commercial, where less than 20 per cent of the workforce engages in agriculture, comprise about 8 per cent of the world's population. Semideveloped economies, primarily industrial and agricultural, where 35 per cent to 55 per cent of the workforce depends upon agriculture, account for approximately 12 per cent of the world's population. The undeveloped economies, where 60 per cent to 90 per cent of the population follow pastoral and agricultural pursuits,

account for almost 45 per cent of the world's population. The planned economies, largely semideveloped or underdeveloped, share some characteristics of highly industrialized economies and also display special features of their own. They embrace nearly 30 per cent of the population of the world. "World Income and Types of Economies: The Pattern of World Economic Development," *Economic Geography*, Vol. 34, No. 4, October, 1958, pp. 283-303.

<sup>2</sup> David Horowitz, *World Economic Disparities*. The Center for the Study of Democratic Institutions, Santa Barbara, California, 1962.

ment. The historical approach serves to array these similarities. By lending perspective to current travail, it also helps to assess trends in the troubled areas of the world. It may still see through a glass, perhaps, but less darkly, and often clarifies the past as well as the present. Karl Polyani illustrated this twin faculty of the historical approach when he insisted that the poorer classes of England a century ago must be pictured "as what they were—the de-tribalized, degraded natives of their time." For those who dispute the fit of Polyani's insight, Benjamin Disraeli supplied prior evidence in 1845. In *Sybil Or: The Two Nations*, he described English girls of twelve, naked to the waist, chained to tubs of coal, as they hauled their loads on hands and feet up steep and dark mine passages for 16 hours a day. He remarked that these scenes "escaped the notice of the Society for the Abolition of Negro Slavery."<sup>3</sup> The ample history of industrial growth in the advanced countries of the West can furnish numerous episodes of equal pertinence to the more recent experiences of retarded nations. They cannot provide, however, either singly or together, counterparts of such telling match as Italy alone affords to the pattern of events which has been unfolding in Asia, Africa and Latin America.

### **Revolution and Its Aftermath**

On the three poor continents today, nationalist passion supplies the driving force of new states, colonies headed toward self-rule, and long-established countries periodically reborn through military coups and dictatorships. Leaders spring mostly from the slim

ranks of teachers, professors, lawyers, doctors and civil servants—all trained by foreign systems of education, at home or abroad, and deeply influenced by Western ideas. During the struggle for liberation and the early period of independence, they appeal to the utopian hopes of the illiterate agricultural masses in violent rhetoric. They espouse aims more revolutionary than the vague visions of their own followers. They embellish the simple idea of nationhood with heady notions about the singular qualities which only their people possess and the unique contributions which their nation can alone make to the world. Once the euphoria of conflict and victory evaporates and freedom fails to create prosperity overnight, the persistence of local allegiances and hardening of economic predicaments slowly dispel earlier illusions among leaders still reluctant to shed them. The chaos which preceded self-rule continues to buffet independence. Agricultural production, normally crude and inefficient, lags and becomes the Achilles heel of economic growth. Desperate rural workers seek employment, however meager, in urban areas already glutted, restive and afflicted with Hogarthian alcoholism and prostitution. Widespread social unrest augments political instability, never absent from the scene. Nationalist leaders, intent upon keeping the state intact and their own revolution under control, must again hawk absolutes, freshen mystiques and arouse new patriotic fervor. Economic difficulties increase nevertheless and idealism occupies the same golden bed with corruption and privilege in public life.<sup>4</sup> Nationalist chiefs, adept at the tactics of opposition which they often learned under colonial rule as leaders

<sup>3</sup> Karl Polyani, *The Great Transformation* Farrar and Rinehart, New York, Toronto, 1944, p. 290; Benjamin Disraeli, *Sybil Or: The Two Nations* Penguin Books, London, 1954, p. 141.

<sup>4</sup> Massive migration into African cities has become so serious that the UN Economic Commission for Africa, the World Health Organization, UNESCO, and the

of politically oriented labor movements, find the prosy tasks of administration and economic growth both uncongenial and beyond the scope of their training. They must therefore rely more and more upon slogans, devise grandiose schemes of public works to shore up national prestige and resort to expensive displays of authority, including military adventures. With the enthusiastic consent of unions under their control, they enact sweeping economic and social legislation and thus initiate their countries into the confusion of statutes with the results desired. Political sleight of hand becomes the rule of national life. All too often, the time gained through these ancient devices of statecraft fails to stimulate production and foreign trade, but produces, instead, increased taxation, even lower living conditions and rising discontent. At this juncture, desperate leaders backed by military force, or young colonels who move in to replace politicians as the crisis deepens, institute alternatives to popular government, like guided democracy or candidly admitted dictatorship. Labor movements then become adjuncts of government.

### **Struggle in Italy**

This run of events emerged earlier in Italy. As late as 1861, after six decades of struggle kindled by the ardor of transmontane doctrines, Italy achieved independence through the sacrificial energy of educated leaders from the nobility and the professions. After the proclamation of the United Kingdom, Italy's illiterate, impoverished and largely rural masses saw their aroused millennial

hopes vanish into armed repression by their own government when they protested against hunger. Patriots who had dreamed during the *Risorgimento* that Mazzini's cherished republic would regenerate Europe as well, lived to witness a highly restricted electorate place men in power who devised a form of political control, *trasformismo*. That system subdued regional loyalties and parochial forces by converting Parliament into a market place for the exchange of votes for favors. When martial law in Sicily, the suppression of the Socialist Party and the imprisonment of Socialist deputies could not cure economic ills or control social unrest, the statesmen of *trasformismo* did not hesitate to distract the public mind from the deterioration of home affairs by embarking upon disastrous campaigns of African conquest.

### **Giovanni Giolitti**

At the start of the twentieth century, Giovanni Giolitti, Italy's greatest premier, attempted consciously to modernize the nation—a country which lacked democratic traditions, a literate population, a standard of living at least bordering upon minimum comforts, articulate and civic-minded middle classes of influential size and broadly based acceptance of the political, social and economic system. He extended the franchise, favored the socialists and gradually domesticated them. While neglecting the agricultural south, as much as the socialists did, he enacted pioneering measures of welfare legislation and brought Italy at last to recognize the industrial workers of the north as citizens.

(Footnote 4 continued.)

ILO called a special conference at Africa House in Addis Ababa, during May, 1962, where representatives of 24 African countries met for ten days to discuss the complex problems, so difficult of solution, engendered by this development. See, *The New York Times*, May 13, 1962, p. 13.

*The New York Times*, April 5, 1962, p. 13, reported on the protest march by women in Ghana, then in the midst of a drive to promote austerity among officials, against the purchase of a gold-plated bed for \$8,400 in London by the wife of Ghana's Minister of Industries. Ghanaian newspapers also criticized the purchase.

Unlike his predecessors, Giolitti tolerated trade unions, strikes and even the proclivity of Italy's weak and essentially communal and provincial labor movement, oriented as it was toward class-conscious political activity rather than mere collective bargaining, to use the general strike more frequently than the French syndicalists themselves. He had world enough, but not time. Patient and eminently sane, he sought to avert Italy's entry into World War I, but underestimated the forces of irrationality set loose by D'Annunzio and his followers. In 1922, Giolitti's almost successful experiment in liberal democracy fell victim first to internal socialist strife and paralysis, then to communist excesses, and finally to the truncheons of Mussolini's Black Shirts. Its regeneration and survival after World War II required Allied conquest, three years of military government, and \$3,544,000,000 in net foreign aid between 1943 and 1952. The healthy endurance of republican government still remains far from assured.

Italy's march from independence to state control required two generations. In the second half of the twentieth century, most of the new countries will probably enact the main stages of that journey. The time needed for each period of this march, however, will undoubtedly contract.

### *Italy Today*

Of all the countries in Western Europe with extended experience of industrial change, Italy, in the character of its past and even present economic, cultural, political and social development, most closely resembles the emerging nations of the world. Although only Germany and Japan have excelled Italy in the rate of economic growth since World War

II, the proportion of its employed population classified as industrial surpassed the ratio engaged in agricultural pursuits for the first time in Italy's long history as recently as May 8, 1957. Even so, the lead was slight: 36.3 per cent against 33.8 per cent. In the midst of unparalleled prosperity, unemployment has remained a persistent threat to stable political life. In 1954, the average number of registered unemployed stood at 1,958,000. By 1959, the number had declined by only 269,000 and represented 8 per cent of the civilian labor force. During the same period, 675,000 people in the labor force had emigrated. Even with this boon, the expansion of employment between 1954 and 1959 had served merely to balance the new annual additions to the labor market.<sup>5</sup> Although estimates of economic growth predict that Italy will attain the living standard of the other five countries in the Common Market within a decade, a recent report by the F. A. O. indicated that Italians still consume only 2,776 calories a day against the accepted normal required rate of 3,100 to 3,500 calories. Residents of the other five countries of the Common Market expend one-third of their incomes for food. In North Italy, this proportion comes to 45 per cent, rising to 48 per cent in Central Italy and 53 per cent in South Italy.<sup>6</sup> These figures not only reflect the lower level of Italian wages as compared with wages in the other five nations of the Common Market, but they also testify to the persistence of Italy's uneven regional development.

The shortcomings of Italian economic growth since 1950 lead clearly back to Italy's unyielding poverty and sluggish rate of industrial advance after independence in 1861. The experience

<sup>5</sup> *Rassegna del Lavoro*, July-August, 1961, Rome, Ministry of Labor and Social Insurance, p. 967.

<sup>6</sup> *The New York Times*, April 8, 1962, p. 23.

emerges out of the past like an ancestral image of the probable plight of retarded nations in the near future. The proportion of the active population of Italy engaged in agriculture, fishing, forestry and hunting stood at 59.2 per cent in 1861, never fell below 56 per cent from that time until 1931, and dropped below 50 per cent, to 48.2 per cent, only as recently as 1936. The goods-producing industries claimed but 24.1 per cent of the active population in 1861, nor did this ratio exceed 28 per cent from that year until 1936 when it passed the mark by 0.1 per cent.<sup>7</sup> By 1936, Mussolini had already committed an economy which derived 30 per cent of its gross internal product from agriculture and 30.7 per cent from industry to vast military expenditures in Ethiopia and Spain. When Italy entered World War II in 1940, goods-producing industries were contributing 34.2 per cent to the gross national product, but agriculture still maintained its peacetime ratio since its share declined by only 0.4 per cent.<sup>8</sup>

### **Index of Real Wages**

Between 1899 and 1926, with 1913 serving as the base year, the index of real wages of Italian industrial workers advanced from 76 to 111. In 1921, it reached the highest peak before 1949 by climbing to 127, after the revolutionary turmoil of 1919 and 1920 succeeded in wresting large concessions from intimidated employers.

<sup>7</sup> Maurice F. Neufeld, *Italy: School for Awakening Countries*, New York State School of Industrial and Labor Relations, Ithaca, New York, 1961, p. 528, Table 13.

<sup>8</sup> See footnote 7, at p. 528, Table 14.

<sup>9</sup> See footnote 7, at p. 540, Table 33.

<sup>10</sup> See footnote 7, at p. 538, Table 30. In 1938, the lira was worth 5.26 cents. See also, Gastone Miconi, "Short Cycles in Italy (1860-1959)," *Review of Economic Conditions in Italy*, Vol. XVI, No. 2, March, 1962, Rome: Banco di Roma, pp. 87-100, especially p. 89: "In the twenty-eight years between 1866 and 1904 Italy's weak econ-

By 1936, it had fallen to 109; it sank back to the 1913 level in 1941.<sup>9</sup> Between 1861 and 1900, crucial years in the economic destiny of modern Italy, per capita national income, adjusted to 1938 prices, rose by 87 lire, from 1,851 lire to 1,938 lire, a gain equivalent to \$4.58, or an average of 11½ cents a year. During the Giolittian era, it went up from 2,169 lire in 1901-1905 to 2,478 lire in 1911-1915. By 1926-1930, it reached 2,948 lire; by 1936-1940, 3,191 lire. Thus, in the course of 80 years, including two decades when almost 10,000,000 Italians emigrated, and two succeeding decades when fascist progress prevailed, per capita national income improved by 1,340 lire, or an average of not quite 17 lire a year, less than 90 cents.<sup>10</sup> Italy's real per capita income, when expressed in terms of Colin Clark's "international units," advanced 36 points during 35 years, from 132 in 1901 to 168 in 1936. Comparable figures for the United States were 411 to 679; for Great Britain, 490 to 627; for Germany, 285 to 430; for France, 231 to 361; for Switzerland, 246 to 416; for Belgium, 219 to 358; and for Sweden, 193 to 413. By 1936, the index for Greece topped Italy's by 25 points; Japan's excelled Italy's by 55 points.<sup>11</sup>

The demands of Italy's participation in World War II placed its weak economy under the severest strain. Devastation and defeat left it helpless. Reconstruction began while the Allied

omy was therefore upset by seven recessive phases of considerable size, five of which were determined with particular violence of farming, the sector which at that time made the largest contribution—about 50 per cent—to the formation of the national income. Especially the years from 1888 to 1893—which also felt the effects of a particularly serious building crisis—caused the community great hardships and were defined by Luzzatto as 'the most critical years of the Italian economy'."

<sup>11</sup> See footnote 7, at p. 538, Table 29.

forces still occupied the peninsula and required average net foreign aid of over \$3,500,000 each year for an entire decade. That assistance, however, as compared to funds offered in the 1960's to spur the primitive economic systems of new states, worked upon a nation, which, for all its shortcomings when contrasted to the accomplishments of other Western countries, had reached forward stages of industrial development. Another less apparent fact requires even greater emphasis: Italy's postwar prosperity, still uneven and limited, took hold after almost a century of independence. Should future fortune, peace and a constant flow of prodigious capital resources combine to telescope this interval of time in newly developing economies, the Italian odyssey would still provide a salutary note of caution to expectations about poor nations among their rich benefactors.

Beyond the trials of economic development, the experience of Italy, both before and after it achieved national independence, offers partial as well as close parallels to later cultural, political and social trends in India, Indonesia, Africa and Latin America. The Italian experience also presents historical warnings about policies and programs which count too heavily upon the wonder-working powers of economic and technical aid and consequently minimize cultural, political and social obstacles to the industrial progress of a viable state under the institutions of democracy as defined by the West.

### ***Cultural, Political and Social Experience***

The succeeding sections of this essay will therefore deal with pertinent phases of Italy's cultural, political and social experience in the order of their development. They are identified in the following enumeration and will be

related, in turn, to their historical counterparts in India, Indonesia, Africa and Latin America.

(1) Cultural nationalism preceded organized political movements for freedom. Literary in expression, it drew upon a remote but glorious past for inspiration.

(2) Foreign rule established the tangible measure of the nation since it enlarged and maintained extensive political boundaries never before achieved except by an ancient empire lost in time until cultural nationalism revived and broadcast its memory.

(3) Alien power not only defined the precise geography of nationalism, but at the same time evoked feelings of humiliation and discontent among an educated minority hemmed in by mass ignorance and apathy. The desire for independence then quickened as England and Western Europe, not content with their singular scientific and technological fecundity, also generated with lavish energy scores of economic, political and social doctrines. These revolutionary ideas from abroad fathered political nationalism. Societies for reform, independence movements and conspiratorial groups sprang up. The slow march toward freedom encompassed agitation, radical rhetoric, doctrinal disputes and schisms, abortive uprisings, police repression, imprisonment or exile of leaders, clandestine revival of activities, realignment of forces, new parties and the constant procession of heroic sacrifices by dedicated patriots.

(4) As if oppressed by the intellectual debt owed to Western Europe, nationalist leaders insisted upon the distinctive character of their own people and the unique contribution which their particular national culture could make to the world.

(5) For the ultimate achievement of freedom, nationalist activities counted for less than war, the balance



of world power, military alignments and diplomatic skill.

(6) With the establishment of independence, ancient weaknesses, seemingly surmounted during the euphoric days of revolutionary struggle, reasserted themselves: illiteracy, parochialism and poverty.

(7) Sensitive to these dangers to national solidarity, statesmen sought insurance against disunity through highly centralized government. They disregarded local loyalties by extending the authority of the state into every province and commune and created an elaborate and necessarily inexperienced bureaucracy to manage the transformation of contiguous regions into a united nation. They also embarked upon lavish programs of public works in the name of national prestige and set aside disproportionate shares of the budget—at the expense of education, public health and housing—for the Army, Navy, and Merchant Marine in the name of national defense.

(8) These large nationalistic expenditures strained the financial capacity of the country, already weakened by the demands of the patriotic war for liberation and by the drastic economic adjustments forced upon once protected regions when suddenly exposed to the hazards of a national market. High regressive taxation intensified the hunger and misery of peasants and workers during the crucial first generation after independence when economic development moved very slowly and may have even declined in some parts of the country.

(9) As discontent mounted in the cities and countryside, the millennial hopes of the people aroused during the struggle for freedom, suffered military and police repression. Long-standing popular grievances festered while ministries embarked upon fool-

hardy adventures of foreign conquest. Meanwhile, radical solutions, grounded in foreign doctrines of anarchism and Marxian socialism, had been circulating among the intellectual aristocracy long before the beginning of effective economic growth. This circumstance froze the answers to the challenges of industrial life when they actually appeared. The new generation of thoughtful patriots, who chafed under their country's system of political trafficking for favors and regarded that arrangement as a betrayal of the heroic fight for national independence, seized upon Marxian socialism in the spirit of moral purification. It not only explained the injustices they abhorred, but also revealed a program of revolutionary action to which they could dedicate their entire energies without reservation.

(10) The most important institution within the emerging Italian labor movement also came from abroad: the local and provincial chambers of labor. In an economically backward country where even modest industrialization had touched only one area, the north, national category unions were rare. Collective action extended only infrequently beyond local communities to embrace whole regions. Thus, city and provincial groupings of all unions, regardless of craft or industry, offered the ideal form of labor organization. They could be readily converted into centers for radical political activity which seemed to offer the sole method of confronting the economic and social problems of the nation's ignorant, poor, apathetic and voteless workers and peasants.

(11) Illiteracy, poverty, sluggish economic growth, inexperience in parliamentary democracy, inherited class hatreds, the absence of sufficiently large mediatory elements within the nation to serve as civic-minded repositories of implicit principles generally believed by all elements

of society, the political balkanization of the labor movement, and the internecine strife of socialists and communists after World War I prepared the way for the easy triumph of fascism. The revival of liberal democracy after World War II, the price of its maintenance, and the

difficulty of preserving stable party government even under conditions of unexampled prosperity have emphasized the severe limitations of economic growth set by the stubborn continuity of cultural, political and social barriers inherited from the past.

[The End]

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# The Histadrut— Adjustment to National Independence and Economic Change

By IRVING SOBEL

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IN NO OTHER NATION of the world with the possible exception of Sweden has the labor movement played as important and even as dominant a role as in Israel. In fact, Israel's very existence as a society and independent state has been attributed by many authorities to its labor movement, the *Histadrut*. Termed a "wonder child" by the late Professor Selig Perlman, and a huge monopoly and octopus by its ideological detractors, the *Histadrut* has been a highly controversial entity during its history. The problems and adjustments currently faced by the *Histadrut*, which constitute the main focus of this paper, can only be understood in the context of the organization's unique role, structure and functional orientation, as these are affected by a changing society and population.

The *Histadrut* is a result of the confluence of two forces which domi-

nated the thinking of Eastern European Jewry at the turn of this century. These were Zionism, aimed at the establishment of a national Jewish state, and Socialism as interpreted, adapted and modified by the Eastern European intellectuals who were both early immigrants to Palestine and the first leaders of the organization. These two forces produced not only a nationalistically oriented labor movement but one modeled along certain basic lines which might be described as equalitarian and cooperative, in which private enterprise would, at best, have a limited role.

Before the State of Israel existed there was a need to establish an economic basis for its eventual functioning, to intensify the rate of economic development after independence. This economic need was related to the basic goal of attraction and absorption of immigrants. This need brought about what seemingly is a basic contradiction, namely a socialistically oriented labor movement which is a

major entrepreneur and owner of industry headed by a determined managerial wing.<sup>1</sup> The trade unions and industrial sectors are intertwined with a broad network of consumer and producer co-operatives and collective farms (*Kibbutzim*), the latter constituting the original focal point of organizational strength and basic ideology.<sup>2</sup> Unlike other Western labor organizations which developed after the industrialization process had been set in motion and the labor force committed, recruited and structured, the *Histadrut* had its roots in a preindustrial era and early assumed these functions, as a basic prerequisite of its role as an industrializer and economic developer.

### **Histadrut History**

The *Histadrut* evolved under different circumstances than other labor movements. There existed both prior to its formation and even until quite recently no entrenched, powerful employer class. Employers and workers were both drawn from the same economic, religious and intellectual environments. There existed no well articulated laboring class; in fact, the early Israeli "working class" were essentially middle class intellectuals in their native countries who emigrated to Palestine to participate in building a new society. In order to create what was termed a "normalized" population it was believed necessary to transform this essentially middle class population of intellectuals, professionals, tradesmen and highly skilled artisans to one of farmers, builders

and workers. These latter elements then mainly nonexistent in the Eastern European Jewish population were idealized until what almost amounted to a "theology glorifying physical labor" began to emerge.

In order to further this labor force transformation the *Histadrut*, which from its beginnings in 1920 embraced a large proportion of the total labor force and population,<sup>3</sup> felt impelled to assume educational and training functions, many of these outside of Israel, through affiliated Labor-Zionist groups. This training was first designed to create the ideological frame of mind necessary for the drastic personal transformations necessary for immigration to Palestine (Israel) and then to provide the technical competence for performance in what was essentially a new cultural environment.

In fact, the *Histadrut* was the only entity large or universal enough to assume many functions, such as education and the provision of health services, normally assumed by a modern national state.

### **Pragmatism Animates Organization**

Despite the apparently rigid ideological convictions of its founders pragmatism animated the organization from its very inception. Ideology generally gave way to national developmental needs and certain forms and methods perhaps more ideologically compatible to the original founders have been constantly replaced or complemented by institutions which while less desirable philosophically were perhaps more operationally feasible.<sup>4</sup>

<sup>1</sup> Almost 30 per cent of Israel's GNP is generated in the so-called labor or cooperative sector. Thirty-five to 40 per cent of *Histadrut* membership is employed within the organization's own undertakings.

<sup>2</sup> One authority Ferdinand Zweig calls Israel's social ideology "*Kibbutz* Socialism."

<sup>3</sup> Currently about 80-85 per cent of the total wage earning labor force, comprising with dependents about 60 per cent of the

population belongs to the *Histadrut*. This proportion is sufficiently large so that most of the professionals in the country also belong to the organization.

<sup>4</sup> The producers cooperative was undoubtedly philosophically favored in early ideology. However the organization emphasized economic units owned and managed by the *Histadrut* itself.

Early cooperation which started a decade before the founding of the *Histadrut* in 1920 and which led, for instance, to the Sick Fund (*Kupat Holim*), the wholesale cooperative (*Hamashbir*), and the *Kibbutzim*, developed simply out of the existing poverty of the early pioneers and pioneering organizations and their need to pool what limited amount of capital, fertile land, operational knowledge, medical resources and even defensive strength they had available in order to survive.

### Collective Bargaining

The traditional trade union functions and activities, while significant, never constituted either the central core of the organization or its *raison d'être*. There was a very early demonstrated need through collective bargaining to assume that whatever employment opportunities existed in the non-Arab sector went solely to Jewish labor. Without such employment immigration, the lifeblood of the future state, would have been impossible. In the absence of any governmental force willing to establish those social conditions and that type of social legislation deemed compatible with the norms of the pre-state Jewish population, collective bargaining was seen as necessary to establish the desired conditions. Thus, by the time the State of Israel was established in 1948, the *Histadrut* through its collective agreements had achieved virtually all those conditions generally obtained through social legislation in advanced industrial

societies.<sup>5</sup> Notwithstanding this strong reliance upon bargaining, the *Histadrut* did not deem it necessary to organize national, functionally oriented trade unions until after statehood.<sup>6</sup>

Despite these attainments the *Histadrut*, not unexpectedly, given the ideological intensity of its pre-state membership, had from its outset been characterized by political factionalism and a preponderance of its members are affiliated with the three major labor oriented political parties in Israel.<sup>7</sup>

This relatively brief and selective description of a highly complex and diverse organization has at best hinted at its basic problems which have and will continue to require basic adjustment, adaptations and change.

### Rapid Growth and Eclectic Structure

The *Histadrut* is currently confronted with the consequences of rapid growth in both membership and in the magnitude of its economic undertakings. A second basic source of difficulty and tension is the *Histadrut's* diverse and basically eclectic organizational structure with its many contradictory facets and divergent functionally oriented interest groups. These can no longer be cemented over by the unifying tendencies of that all pervasive nationalistic spirit which generally prevails prior to national independence. The third and perhaps most fundamental types of situations to which the organization must now adapt are those arising out of the increasing strength of the private

<sup>5</sup> Many critics of the *Histadrut* argue that the imposition of these costs retarded the development of the private sector and therefore necessitated the *Histadrut's* ownership activity.

<sup>6</sup> Even currently the member belongs to the *Histadrut* and is assigned to his National Trade Union which is solely an administrative unit of the central organization and has no separate existence. There are

exceptions in the three groups who had organized before the *Histadrut*, notably the Agricultural Workers.

<sup>7</sup> *Mapai* (Right Wing Social Democratic Party), *Achdut Avodah* and *Mapam* (Marxist) are the three groups concerned. These account for 55-60 per cent of the total voting strength in the country and about 90 per cent of *Histadrut* membership.

sector and the increasing power of a more universal organization than the *Histadrut*, namely the state itself.

Specific problems arise from the diverse goals of different groups in the organization. For instance there is the inevitable conflict between the efficiency norms of the managerial wing generally *Mapai* oriented, and the economic and social goals of the trade union oriented sectors of the organization generally supported by *Mapam* and *Achdut Avodah* leadership. The diverse and contradictory interests of professional, administrative and salaried personnel who would like to widen wage and salaried differentials and the manual workers who would like to maintain the relatively equalitarian status quo, also necessitates some juggling by *Histadrut* leadership.

Given the desire for higher living standards which pervades the membership and which frequently clashes with *Mapai*'<sup>8</sup> desires for wage restraint in the interest of achieving national economic independence,<sup>9</sup> the leadership of the trade union movement must constantly exercise caution.<sup>10</sup>

Problems of major importance have arisen in regard to the large number of more recent immigrants, a large proportion either illiterate or at best semiliterate predominantly drawn from preindustrial Asiatic and North African countries. These Sephardic elements now constitute a large proportion of the unskilled and semiskilled labor force. These groups lack not only the strong ideological commitment

toward Labor-Zionist ideals but frequently have come to Israel unwillingly as a result of forced expulsion from their own countries. The *Histadrut* must not only integrate these groups into the organization but ultimately must bring some of them to leadership positions. This need is especially important because the *Kibbutz* movement, once the basic source of leadership, idealism and ideology, is no longer an expanding one.

### Development of Power Centers

The development and expansion of large power centers in the *Histadrut* economic sector also raises questions of importance to the organization's continued growth. These frequently have been operated as though they were the private empires of their managerial leaders and organizers. While the apparent reorganization of both *Hevrat Ovdim*, (the *Histadrut*'s holding company for its economic enterprises) and the larger companies paved the way for the elimination of empire building and the beginning of central planning based on national economic needs, the forced resignation of Pinhas Lavon left this reorganization only partially implemented. Ideologically the problem of the hired worker in the *Histadrut* plants and the parochial position taken by the Bus-Cooperative<sup>11</sup> disturbs many of the *Histadrut*'s idealists.

Relationships with the state and with *Mapai* are also undergoing revision, not always in a manner reassur-

<sup>8</sup> *Mapai* is the leading party in Israel (35-40 per cent) and has been the dominant element of every coalition government since statehood.

<sup>9</sup> Israel has requested some accommodation with the Common Market and therefore is vitally concerned with making its industry competitive.

<sup>10</sup> About 25 per cent (approximately 500,000) of the total population emigrated from Asiatic or North African countries since statehood.

<sup>11</sup> The 3,000 members of the cooperative are frequently accused of acting like private owners in trying to increase their own incomes at the expense of the public and the 3,000 drivers who have been admitted to the cooperative. The *Histadrut* has advocated modified nationalization plan despite the fact that *Egged* (the bus cooperative) has always been a part of the organization.

ing to *Histadrut*. *Histadrut* leadership obviously recognized that the state would ultimately assume many of the functions performed by the organization in the preindependence era<sup>12</sup> but they were unprepared for the growth of new centers of power within *Mapai* or that *Mapai* leaders, who had originally attained their important positions from their *Histadrut* base, would then either disregard the organization's position or take a point of view more favorable to non-*Histadrut* groups.<sup>13</sup>

Certainly the state's interest in and possible absorption of such functions which the movement's leadership considered as basic to the maintenance of membership loyalty as *Kupat Halim* was never contemplated. Many leaders who have spent their lives in the organization have not yet adjusted to an era in which it is no longer the predominant power center in the political process.<sup>14</sup>

This all too brief description and analysis of the *Histadrut* and its emergent problems undoubtedly oversimplifies causal sequences at the expense of more complete analysis. Limitations of time and space make it impossible to analyze in sufficient detail all of the numerous problems already indicated. While no claim is intended that those to be more fully treated are necessarily the most significant ones, the remainder of this paper will be devoted to an analysis of three major problem areas in *Histadrut* policy. These are the problems of organizational wage policy, the

need to vitalize the trade union sector, and the changing pattern of relations within the *Histadrut* and between it and the national political organizations.

### Wage Policy

*Histadrut* wage policy has always been geared to providing the lowest paid worker a Western European standard of living. This goal plus the incorporation of social benefits results in high minimum wages which are well above productivity for the lesser skilled elements of the labor force and a highly compressed wage and salary structure which is set forth as the realization of the movement's basic equalitarianism. Wage differentials such as in construction, where the lowest daily base wage in 1958 was I£ 7.590 and the highest I£ 9.140, are undoubtedly among the narrowest in the world.

Wage equality was deeply rooted in the nature of Israel's development prior to independence. Early immigration attracted an oversupply of doctors, lawyers engineers and an undersupply of industrial and building workers, taxi drivers and even ditch diggers. Thus the normal wage structure, assuming this reconversion were to be attained, had to be modified if not reversed in favor of what in other societies would have been the lesser skilled elements. However, since statehood the need for widening wage and salary differentials consonant with the rapidly increasing demand for and scarcity of higher level man-

<sup>12</sup> In the first instance the *Histadrut* was quite happy to transfer its school system or trend to the state.

<sup>13</sup> David Ben-Gurion, Y. Ben-Zwi, Golda Meir, and Levi Eshkol are just a few of the present state leaders who were originally leaders of the *Histadrut*.

<sup>14</sup> In fact some *Histadrut* leaders complained very vocally that whereas there previously had been a movement back and forth from the *Histadrut* to *Mapai* and the party maintained its first line leadership

in *Histadrut* positions such as local labor council secretaryships currently the party is according to their words insisting that they take "third or fourth rate *Mapai* people sometimes with no previous labor movement contact." When the famous Ben Gurion-Pinhas Lavon conflict broke out even though there was no question of Lavon's great ability and the need for his continuance as the head of the *Histadrut*, he had to resign when he became "*persona non grata*" to the party.

power should have occasioned some countervailing trends, but instead the wage structure continued to narrow between 1948 and 1955. This narrowing was due primarily to the operation of the cost of living allowances which only initially applied to the first I£ 80 of wages<sup>15</sup> and subsequently as inflation continued to a wage of I£ 125. These limits adversely affected highly skilled and professional workers.<sup>16</sup>

It is in interskill and occupational differentials that the range of differences between the lowest paid Israeli workers and the highest paid technical, professional or managerial personnel is perhaps the narrowest in the world. A professional man, doctor, production engineer, a top rated civil servant, a *Histadrut* leader or a university professor rarely nets more than 60-80 per cent above the salary of a semiskilled industrial worker. These differences are completely at variance with labor market trends.

The comparatively low salaries paid those more highly educated and trained have made these groups some of whom are organized in the *Histadrut*, highly volatile and the results have been frequent strikes of teachers, university professors, engineers, government clerks and *Histadrut* doctors and the creation of a special Professional Department in the *Histadrut*. While there is no doubt that the *Histadrut* recognizes the problem and would like to widen wage differentials its general adherence under government pressure to a policy of wage restraint

has caused it to attempt to attain this goal slowly and gradually, with neither the professionals or the semiskilled and unskilled groups satisfied.<sup>17</sup>

This policy of walking a tight rope which has proven unsatisfactory to the professionals has caused some of them to advocate leaving the organization. Recently (early 1962) the doctors secured a 15-20 per cent wage<sup>18</sup> increase and the engineers requested and later struck for what they deemed equal treatment. The strike was long, protracted and bitter, since the engineers felt they were being sabotaged by *Histadrut* leadership, with whom they really bargained. The strike settlement was expedited by negotiations between party (*Mapai*) headquarters and the *Mapai* factions in the engineers union. Many engineers, although the strike was finally concluded somewhat to their satisfaction, are now advocating secession from the *Histadrut* and currently it is questionable how long these groups can be held in the organization. If a serious attempt were to be made to hold them by offering them wage and salary increases which would meet even their minimum expectations, the *Histadrut* would be faced with the choice of losing complete control over wage policy and future wage movements. Since *Histadrut* leaders, who are also *Mapai* leaders, have adopted as their basic wage policy the *Mapai*-led governments goals of wage restraint, this loss of control would be politically destabilizing. At the same time the leaders of the larger nonprofes-

<sup>15</sup> The widespread use of an advocacy by the *Histadrut* of incentives which can be more easily applied to semi-skilled workers also tended to somewhat narrow the wage structure.

<sup>16</sup> Sharply rising progressive income tax rates further narrow these differences.

<sup>17</sup> The strike of teachers, clerks and professors in 1955-56 forced the *Histadrut* to advocate large wage increases for these groups but these increases when granted

made the industrial workers restive and made a substantial increase for this group (about 10 per cent) mandatory. This increase temporarily broke the wage line and the policy of wage restraint.

<sup>18</sup> Since some terms involved adjustment for various groups of doctors which could only be inferred, varying estimates as to the true amount of the wage increase were stated.

sional trade union centers, as a consequence of pressures from their members requesting adjustments somewhat equivalent to the substantial wage increases granted the professionals, can be expected to ask for wage increases of somewhat similar magnitude. Wage increases of this amount would be highly inflationary. *Histadrut* trade union leadership which is also primarily *Mapai* is almost coerced to fight for these demands by the membership since otherwise *Mapai* is afraid it will lose its majority in the *Histadrut* to either *Achdut Avodah* or *Mapam*, both more worker oriented groups than *Mapai*. For these reasons there are many groups in the *Histadrut* who advocate letting the professionals secede, with the result that the *Histadrut* would basically become an organization of manual workers. So far, however, because of its universal ideology, its perceived needs for maintaining the professional as a source of leadership, and to maintain the image of an "intellectually oriented labor movement," *Histadrut* leadership currently regards this development as unthinkable.

Thus, currently the wage system of *Histadrut*, which has resulted from its historical wage policy, has the organization "in a bind." This system has certain basic deficiencies which, while recognized, at least presently cannot be corrected without creating political pressures which are either divisive or would cause the organization to lose control over its wage policy. This loss of control would be further disruptive to the *Histadrut's* self image as a universal national organization large and strong enough to subordinate its own and its membership's interest to national goals. The resultant deficiencies in the wage system have led to the following consequences which currently constitute forces adverse to economic growth:

- (1) The whole system of differentials is haphazard and does not reflect current labor market conditions.
- (2) The small differential between the lowest and highest grade worker encourages the hoarding of skilled workers by firms who use these workers in less skilled work.
- (3) The high minima, although designed to aid the lesser skilled and the new immigrants actually discourages their employment.
- (4) The automatic elements, especially the cost of living bonus and social benefits, are too large a proportion of the total wage. These are generally unrelated to skill and labor market factors.
- (5) The cost of living bonus which now comprises a large proportion of the total wage has distorted the structure of costs and prices and has especially operated against those industries and firms where labor costs constitute a large proportion of total cost. Recent changes however point to some amelioration of this problem.

### **Trade Unionism and Trade Union Organizational Problems**

Some trade and industries had been organized into country-wide unions even before the founding of the *Histadrut*. Agricultural Workers, the Railroad, Post and Telegraph Workers and the Clerks and Office Workers Unions were all founded in 1919. However, though the *Histadrut* constitution advocated the organization of trade unions, there were many ideological pressures and practical realities which assured that this was interpreted to mean the local groups generally organized around a given plant with its work council (*Vaad Haovdim*) affiliated with a local labor council.

The failure of industry to develop on a large scale, which meant that in many areas there were no workers of a given industry or only one plant,



and the lack of desire to build particularistic and parochially oriented power centers whose aspirations might run counter to the more global orientation of the organizations were the major factors inhibiting the growth of a strong trade unions. Despite this and some ideological opposition to the use of the trade agreement as a basic policy, practical realities connected with the need to maximize employment of Jewish labor forced the *Histadrut* to bargain collectively through the trade union department, the local labor council and the plant works council, and in a few cases where previously founded prior to the *Histadrut* through national trade unions.

This structure produced no great difficulties or conflict in the essentially preindustrial economy which existed prior to World War II. However, by 1945 these deficiencies in structure were sufficiently apparent so that the sixth convention which anticipated rapid industrialization adopted a resolution to establish nationwide unions of factory, construction, transport and maritime workers on an industrial basis. In keeping with that decision the building workers organized on a countrywide basis in 1946. By the end of 1958 there were 36 national trade unions aggregating 330,000<sup>19</sup> members organized into the Industrial Workers Federation with light and heavy industry branches.

The worker is not a direct member of a national trade union center. His primary affiliation is to the *Histadrut*, through the local labor council which is his basic local unit of affiliation.<sup>20</sup>

The *Histadrut* in turn allocates him to a national trade union which

is an administrative creation of the *Histadrut* and a unit of the trade union department. Thus the individual national union has no control over what should be a primary consideration, namely, its own wage policy.

At the local plant level the *Histadrut* members elect a worker's council or committee by direct personal election. The council is recognized as the sole representative of workers by management.<sup>21</sup> The workers committee is headed by a secretary who may in a large plant be a member of the local labor council but in any case is subject to its discipline.

At the level of the local labor council which encompasses all members in a locality and is the workers basic unit of affiliation in the *Histadrut*, there generally is a secretary representing all the workers in a particular industry in that local area. This local secretary who is generally a paid official of the labor council has also been designated as the local representative of the national union.

Since the local secretary of a given category of workers in a particular industry has his prime loyalty to the local labor council, and the council not only must approve any strike and use of strike funds but also has disciplinary power over local members, it is the labor council and its head which has the preponderance of power and authority over the local unit of the national unions. This power discrepancy is intensified because the secretaries of the national union, although nominally elected are actually appointees of the *Histadrut* trade union department and in many cases have neither a base in the given in-

<sup>19</sup> The largest nine unions have about 80 per cent of the total membership.

<sup>20</sup> A certain proportion of *Histadrut* dues is allocated to local labor councils. The national trade union has no specific budget from the trade union department of the *Histadrut*.

<sup>21</sup> Specific arrangements provide for representation on the committees of special categories of workers such as professionals and clerks.

dustry nor have risen through the ranks of the particular work groups.

When an employer is not a member of the National Manufacturers Association the local labor council acting through its branch secretary negotiates the basic agreement. Even when a national agreement exists, the local council may alter them considerably, especially when there is a strong and vigorous head who deems it politically desirable to modify the basic trade agreement.

The local secretary who is ostensibly the local head of the national trade union, but whose basic identity and loyalty is to his employer—the local labor council, acts in conjunction with the workers' committee in negotiating local details pertaining to specific plants and in the day by day administration and enforcement of the agreement. In practice, despite official views to the contrary, this has meant that the national trade union and even the *Histadrut* trade union department has little or no authority over or even direct contact with the local work committees. Workers committees supported by the local secretary frequently act quite independently and at times arbitrarily and trade union discipline is almost nonexistent in many situations, especially where workers committees are lead by *Mapam* and *Achdut Avodah* members.

This structure and the anomalous position of the local secretary has led to a tug of war between the Organization Department of the *Histadrut* which administers the local labor council and the Trade Union Department, whose primary concerns are with the national trade unions. However the *Histadrut* trade union department is equally responsible for the weakness of the national trade unions for it refuses to allow these entities true autonomy, latitude in election of

officers, and any semblance of an independent existence.

Until these national trade unions are strengthened in every context, trade union discipline and even the relative power of the trade unions, vis à vis the growing strength and vigor of the employers, not to mention *Histadrut* management, will suffer. This lack of functionally oriented strength is running counter to the current direction of industrialization in Israel, which has already increasingly tended to differentiate functional groups and particularistic interests. Sooner or later, notwithstanding its original ideology, the *Histadrut* will have to permit greater autonomy to the national trade union and place the local secretary under the control of the national union.

### ***Histadrut Internal and External Political Relations***

The *Histadrut* was formed through a compromise of several workers' political parties each one of which agreed to cooperate in pursuit of the common workers' objective embodied in the constitution. Each, however, was to maintain its own independent existence and identity in the *Histadrut*. Currently four so-called working class parties and three more generally based parties have some membership' in the *Histadrut*.

All discussions of issues in conventions, councils and executive boards are based upon party positions and every individual member of these bodies operates as a disciplined party member or representative. Each party receives the number of delegates proportionate to its national vote. The local labor councils are selected by the same proportional representation device.

Since the amalgamation in 1931 of the then two dominant labor parties into *Mapai*, the party has enjoyed a

majority in all *Histadrut* elections although some splintering off and political realignment by 1959 had reduced this majority from 80 per cent to somewhat less than 60 per cent. This continuity has substantially reduced the danger of divisive factionalism and of the indecision and compromises indigenous to coalition government. However, especially before elections, the dominant party may have to modify or compromise certain positions such as its support of wage restraint, or its traditional opposition to the encouragement or sponsorship of religion, in order to secure its mandate.

In 1959 for instance *Mapai* lost votes to *Achdut Avodah* and *Mapam* in many established labor centers. The losses can be attributed in part to *Mapai's* stand against the bus cooperatives, its position in regard to efficiency and dismissals (which especially displeased some older workers) and to some dissatisfaction with the organization's wage policy.

Since statehood the locus of political decision-making has moved away from the *Histadrut*. With the establishment of the state the *Histadrut* has become less important to the parties as a source of power, patronage and prestige. Today most important decisions are made outside the *Histadrut* in national party headquarters and the party passes the decisions along to its members in the *Histadrut* executive. Even when the party members in the *Histadrut* feel that the decision taken is antithetical to their labor movement interests, they obey.

Today *Histadrut* leadership is increasingly subordinate to *Mapai* leadership. Recent *Mapai* decisions implemented by governmental actions which have led to greater reliance upon government enterprise rather than, as previously, on *Histadrut* enterprise, to the taking over of

the labor exchanges—and which now are looking toward the Sick Fund, are reducing the importance of *Histadrut*. The party apparatus as a vehicle of upward mobility for its more able young people is becoming more and more separate from its *Histadrut* counterpart. The growth of a considerable and powerful group of leaders, who, like Dr. Giora Josephthal, Minister of Development, have had no ties or connections with *Histadrut*, or who, like General Moshel Dayan, Minister of Agriculture, have expressed some skepticism about the organization, also highlights the changing climate. Policy statements which have not always considered or have even been antithetical to *Histadrut* "sacred cows" by governmental (but formerly *Histadrut*) leaders such as Ben Gurion and Levi Eshkol are also indications of the same trend. Much of this change was inevitable with statehood and the assumption of national responsibility by the party and its leaders.

However, *Histadrut* with its membership is still a major political power center and if *Mapai* or any other party were to lose its mass base in the labor federation it would experience great difficulty. This alone will continue to make the *Histadrut* and its leadership important political entities.

There is a danger in a paper of this sort oriented around problems and difficulties of national trade union centers to accentuate the negative and eliminate the positive. The problems which have been chosen were therefore, in this sense, overemphasized and assigned much more space and relative importance than would have been assigned in a general essay on the *Histadrut*. In fact these problems and difficulties when put in proper perspective, do not stem from weakness and failure but instead stem from the unprecedented growth, diversity and strength of the organization and its willingness to assume

functions which other trade union centers have traditionally shied away from. In a comparative sense the *Histadrut* is still manifesting great vitality and vigor and its current activities in providing technical assistance and training through its various institutions and in the developing countries themselves attests to this continued willingness to assume new

challenges and responsibilities which are basic to Israel's national interests. Given its long historical record of pragmatic adaptation, these problems and difficulties not only do not seem insurmountable but in a comparative sense appear much less productive of future decline or trouble than in other national labor movements. [The End]

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## Job Protection in France and Britain

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IT HAS often been observed that industrial societies pose a conflict of values—between the social necessities of mobility and the individual drive for security. Advancing industrialism destroyed a whole system of institutions whose object was to provide some element of security—the obligation of lord to serf, the mutually protective guilds, the whole hierarchical system of the Middle Ages which provided permanent mutuality of obligation. To be sure, interstices always existed within these institutions. But the predominant values of Western European society before the Industrial Revolution emphasized stability and security in a foreordained order in man's social and economic position in life and livelihood.

In contrast, the predominant values of nineteenth-century European (and American) society were those of change, of growth, of risk and of a beneficent instability. The "enterpriser" who initiated change, who

challenged stability and security, who destroyed old ways of making a livelihood while creating new ones was the hero of nineteenth-century economic growth.

A whole logic of a society has been built upon the values of change, instability and insecurity. The neat proofs of the advantages of a freely competitive society assume that men can be induced willingly to accept the inherent risks in return for prospective rewards. But the risks are personal and the rewards often general. Consequently, it frequently appears that greater personal rewards can be achieved by devising means of avoiding risk. In a society whose social values depend upon insecurity, men seek to build shelters for themselves.

### **Security in Employment**

This study examines a very limited aspect of this conflict in values. Its basic assumption is that men seek security in their employment; that they strive to protect themselves in some way from the vicissitudes inherent in competitive labor markets. Most particularly they strive to free themselves as far as possible from

dependence on external forces in their very incumbency in a job. While they may, for the right price, be willing voluntarily to assume the risk in changes of employment, they avoid having it thrust upon them.

Given this assumption, it is hypothesized that one way in which this search for security displays itself is in institutions which remove from arbitrary employer control the power to decide who shall have a job and who shall not. A job comes to be conceived of as a kind of property which belongs to someone, rather than being merely the incidental result of an entrepreneurial decision and a contract of service. Once jobs are conceived as property, rights in that property begin to be vested in individual employees or employees collectively. Correlatively, institutions develop for the purpose of allocating these rights, of providing orderly means for their assignment and deprivation. There tends to be a shift in the locus of control over incumbency in jobs. The contemporary industrial world reflects a change from a symmetrical contractual relationship between employer and employee to a complex system of relationships between the individual employee and a family of jobs and between the individual and other employees, in which the employer becomes a bystander whose major function is to decide how many jobs there shall be—though there may be important limitations on his exercise even of this function.

This study does not examine the whole complex of situations out of which such institutions and arrangements have grown. It is limited to an examination of such protections as have been built against arbitrary separation of the employee for non-economic or disciplinary reasons. It looks at these problems principally in France and Britain, against the backdrop of the United States.

## **Nineteenth Century**

In the nineteenth century these three countries displayed basically similar concepts as to the relations between the worker, the job and his employer. Each represented in large measure liberal capitalism with institutions of private property and free enterprise. Each built a legal system on the concept of contract and its corollary of reciprocity. As to the contracts of service, as well as others, the law required, mutually, the capacity to contract, legal consent free of force, fraud, or material mistake, and reciprocal consideration. Given these conditions, and so long as the contract did not amount to perpetual servitude or peonage, employers and employees were free reciprocally to enter into contracts for the purchase and sale of labor services.

In these systems an employer agreed to pay wages periodically for the rendering of services that he required or that were described in the contract. And there was a symmetry to the rights and obligations that appeared superficially perfect: furnishing of services for payment of wages, reciprocal rights unilaterally to terminate the contract upon reciprocally equal terms of notice (or, in the case of contracts of definite term, reciprocal and automatic termination of all rights and obligations at the end of the term).

In fact, only one distinction of importance was made between contracts of service and other contractual forms. Since the former did involve personal service, and since that service is inseparable from the person of the servant, tenets of personal freedom forbade the enforcement of contracts of personal service by requiring specific performance on the part of the employee. But, consistent with doctrines of mutuality and reciprocity, not only could employees not be required to work, but employers could not be

required to continue unwanted persons in their employ. Breaches by either party of the contract were remediable only by damages. And, at least for the ordinary industrial worker employed on a contract of indefinite term, damages were limited to payment of wages for the period of notice, if any. Reciprocally, the employer might hold the employee for a sum equal to the wages he would have earned had he worked out his notice in the case of a quit in violation of any notice provisions of the contract. In general, in all three countries, nineteenth-century legal views expressed a conception of the enterprise as the sum of atomistic and entirely unrelated individual contractual relationships between an employer and each of his employees.

### *Discipline*

Under the law of contracts for personal service, discipline was regarded as an election by the employer to rescind the contract for nonfulfillment of its terms by the employee. In Britain and in France, where provision for notice was customary in many kinds of industrial employment, misconduct on the part of the employee entitled the employer to dismiss without notice. Technically he might be called upon to show the breach; but since the only remedy was payment of wages for the period of notice, cases of suits by industrial workers were rare. In the United States, where contracts terminable at will and without notice were customary, no problem existed.

<sup>1</sup> Article 1781 of the Civil Code, repealed by the Law of August 2, 1868. It is worth observing that this, and Article 1780 requiring that contracts for personal service could be entered into only for a limited time and a specified enterprise, were the only references to employment contracts in the original Civil Code. The Penal Code, of course, contained penal sanctions against combinations.

Symmetry in the reciprocal relationship was achieved surprisingly late both in Britain and in France. In Britain, until the Master and Servant Act of 1867 and the Employer and Workmen's Act of 1875, workers could be imprisoned for breach of contract and could not testify in their own behalf when charged. In France, until 1868, the employer was, according to the law, to be believed on his own affirmation as to disputes involving the amounts of wages agreed to and amounts paid.<sup>1</sup> Historically, in Britain, France and the United States, a worker could be dismissed summarily with cause and after notice or payment in lieu of notice with or without cause. He had no continuing right to employment or to protection against arbitrary dismissal.

### *"Abus de Droit"*

The first breaches in this purely contractual concept of the employment relationship were made in France. Interpreting Article 1382 of the Civil Code, which established a rough equivalent of the tort, French courts had early held that injury committed even in the exercise of a right might be compensable in damages if done maliciously or capriciously.<sup>2</sup> From 1859 to 1890, there was a series of cases in which dismissed workers were awarded damages for their dismissal.<sup>3</sup> The reasoning of the courts is not clear—whether they were simply awarding pay in lieu of notice, or true damages. At least it seems clear that in establishing the period of notice, which often depended upon

<sup>2</sup> See *Daloz*, 1859, I, 57; André Rouast, "Chronique," *Daloz*, 1928, 5.

<sup>3</sup> Work cited at footnote 2. See also Rapport Poincaré, *Journal Officiel*, Chambre Documents, annex 3272, pp. 811-826, Séance 29 December 1888; *Daloz*, 1861, II, 52 and following; *Daloz*, 1865, I, 40, and II, 105; *Daloz*, 1878, II, 16; also, Law of 17 December 1890.

custom, they were granting pay for longer periods than they might have permitted had the employers served notice rather than dismissing the plaintiffs summarily. In 1890, a statute specifically provided for damages when a contract was ended by one party, presumably in accordance with the historic doctrine of "*abus de droit*." The right to damages, however, depended upon the ability of the plaintiff to prove the malicious intent or capriciousness of the defendant.

The law of December 17, 1890, was strengthened by another statute in 1928. But, to the ordinary worker, the doctrine of "*abus de droit*" afforded little protection. It was quite difficult for him to prove the illegal motivation of the employer. It was not enough to show that the reason given for the dismissal was unsupportable or insufficient. He had to show affirmatively the illegal "*faute*" of the employer.

Nevertheless, the doctrine of "*abus de droit*" served as a foundation upon which further impairment of the purely contractual view of the employer-employee relationship could be based. The first steps involved the reversal of the usual burden of proof in particular cases. In 1909 and 1913, laws were passed which provided (1) that suspension of work on the part of pregnant women was not good cause for dismissal (in effect, then, the employer had to show affirmatively other good cause before dismissing pregnant women absent from work) and (2) that pregnant women could terminate their employment without

notice and without obligation to pay indemnity in lieu of notice.

In subsequent years, the courts, without statutory mandate, developed similar doctrines with respect to ill and injured workers.<sup>4</sup> Holding that their contracts were merely suspended by their justified temporary absence from work, they required employers to show affirmatively other good cause for a dismissal. Here, then, were two causes which were held not to justify dismissal and which entitled the worker to damages not necessarily related to the period of notice if they gave rise to separation.

Beginning in 1936,<sup>5</sup> related doctrines were developed with respect to strikers by arbitration boards established under the compulsory arbitration statute, and by the courts independently. This jurisprudence was strengthened by the provisions of the Constitution of 1946 protecting the right to strike, and affirmed by the law of February 11, 1950, which provided specifically that the strike did not break the contract of employment, but only suspended it. Complex issues have developed over what kinds of strikes and strike tactics are protected by the law. But for the nonpolitical and nonviolent strike,<sup>6</sup> the striker cannot be dismissed simply because of his participation in the strike, except at cost of damages, and the employer must affirmatively show good cause other than mere participation in a lawful strike when dismissing a striker.

Though it interrupts the course of the narrative somewhat, it is worth inserting at this point a brief com-

<sup>4</sup> See A. Brun and H. Galland, *Droit du Travail*, Paris, Sirey, 1958, p. 603 and following.

<sup>5</sup> Work cited at footnote 4, at p. 904 and following. See also P. Durand and A. Vitu, *Traité du Droit du Travail*, Vol. III, Paris, Dalloz, 1956, p. 832; *Cour de Cassation, Chambre Civile, Section Sociale*, 16 December 1954.

<sup>6</sup> French jurisprudence on the legality of strikes is extraordinarily complex, and this statement is over simple. Some tactics of French unions—slowdowns, certain kinds of very short stoppages undertaken without warning to the employer—have been held not to be protected strikes. In consequence, their participants may be dismissed summarily without liability for damages for abuse of right.

parison with the status of strikers under British and United States law. In Britain, a striker breaches his contract of employment by the act of striking and, of course, may be dismissed. If he has not served any notice contractually required, not only may he be dismissed but he may be sued for damages. This happens rarely, though the National Coal Board has sued strikers for damages for breaches of their contracts.

In the United States, until the National Labor Relations Act, strikers could, of course, be dismissed at will. Thereafter, however, an employee participating in a lawful strike did not thereby sever his employment relationship. The employment relationship continues, in a state of suspension analogous in many ways to its status under French law.<sup>7</sup>

### Postwar Legislation

Postwar French legislation protecting elected works committeemen and shop stewards opened a new era of job protection. The earlier reversal of the usual burden of proof in damage suits under the law of "*abus de droit*" benefited only employees who were absent from their accustomed places of work, and therefore presumptively innocent of any offense that might warrant discipline. Moreover, up to this time, *any* worker's contract might be terminated, though possibly at the cost of damages. But the legislation of 1946 and 1958 required that an employer wishing to dismiss a shop steward or works committeeman had first to seek the consent of the works committee. Failing this, he could appeal to the Government Labor Inspector. Finally, he could go to the courts for judicial dissolution of the contract. The worker

involved might be suspended at the time of commission of the alleged offense, but, after the legislation of 1958, his contract was reinstated with full retroactive effect if and when the Labor Inspector denied permission to dismiss. Thus, for these special categories of workers, not only was the usual burden of proof reversed, but the right of the employer to end the contractual relationship was itself impaired.

The legislation left certain important questions unanswered. French employers were perhaps more reluctant than their American counterparts to readmit to the place of work persons whom they had attempted to dismiss. Furthermore, French law forbids specific enforcement of an "obligation to do or not to do";<sup>8</sup> such can only be resolved by damages. Consequently, thus far the maximum remedy an unlawfully dismissed steward or committeeman can obtain is continuing wages, and procedurally it is sometimes difficult for him to get his case before the courts in such fashion as to get more than a lump sum damage award. Nevertheless, the break with the tradition that "contracts for the hire of services can be terminated at the will of either party"<sup>9</sup> is most significant.

### Collective Bargaining in France

French collective bargaining adds little, either substantively or procedurally, to the protections provided by law. The typical "just cause" provision characteristic of United States collective agreements is unknown in France. The law does provide that most employers must establish written work rules.<sup>10</sup> The works committee must be consulted about them, but it has no authority to demand changes, inclusions, or deletions. The

<sup>7</sup> See *NLRB v. MacKay Radio and Telegraph Co.*, 304 U. S. 333 (1938).

<sup>8</sup> Civil Code, Art. 1142.

<sup>9</sup> Civil Code, Art. 1780.

<sup>10</sup> Labor Code, Book I, Art. 22(a).



rules must be approved by the labor inspector, and the works committee may comment to him about them. However, generally his authority extends only to approving or disapproving them on the basis of legality. Work rules often contain disciplinary provisions, listing offenses and the discipline which results from their commission. These then become, in effect, a part of the individual work contract. But work rules are really not a part of the collective bargaining process, and are enforced, insofar as they may afford any protection to the worker, by court procedures.

French collective agreements do universally have provisions asserting the right of employees to join and assist unions of their choice. These, however, are merely reaffirmations of the law, and violations are remedial by legal process as abusive dismissals. Conciliation, or grievance, procedures are obligatory in collective agreements,<sup>11</sup> but they are compulsorily applicable only to general grievances or questions of interpretation. Individual grievances arising out of the contract of work, into which category dismissal cases fall, lie within the exclusive jurisdiction of the labor courts. The typical agreement gives the worker, assisted by his shop steward, the right to be heard by the responsible management officer before final dismissal action is taken. Occasionally it is specified that the conciliation process, which involves representatives of employer associations and the upper hierarchy of union officials, may hear individual cases voluntarily submitted, without, of course, depriving the labor courts of ultimate jurisdiction. In rare cases, usually involving public or quasi-public enterprises, bipartite *Conseils de Discipline* have been established,<sup>12</sup> but even these cannot de-

prive the courts of final power. Voluntary binding arbitration of individual grievances is unknown and probably illegal in France.

### Great Britain

In Britain a very different situation obtains. Legally, after achievement of at least formal symmetry in the reciprocal relation with the passage of the statutes of 1867 and 1875, the status of employees vis à vis their employers has remained unchanged. Either party may terminate the employment relationship simply by complying with the terms of the individual contract as to notice. Disciplinary offenses permit summary dismissal, subject only to possible suit for noncompliance with the notice provisions. The right to sue is reciprocal, and if there is no question of libel, slander, defamation, or the like, recovery is limited for either party, to a sum equal to wages for the period of notice. Furthermore, since collective agreements have no standing at law, except as evidence of trade custom in controversies over the substantive terms of employment contracts, whatever provisions there may be in collective agreements have no legal force.

British collective agreements generally contain no parallel to American "just cause" provisions. The substantive collective agreement specifically confers not even a moral obligation impairing management's unilateral power to end the employment contract. British "procedure agreements," designed to provide machinery for the settlement of industrial disputes, make no distinctions between conflicts of right and conflicts of interest—indeed, they are best designed to negotiate changes in the

<sup>11</sup> Law of 11 February 1950, Chap. II.

<sup>12</sup> For example, in the national collective agreements for the banks, agencies admin-

istering social security, and, as an exceptional instance of purely private enterprises, the Paris department stores.

substantive terms of national agreements. But access to them is available for any kind of dispute, including, theoretically, a dispute over the equity of a disciplinary dismissal. Though they are purely bilateral, typically they envisage appeal to regional and national levels of employer associations and trade unions, so that entities not immediate parties to individual grievances might consider more than merely the legal and contractual rights involved.

However, the procedure agreement really provides no protection of importance to employees threatened with arbitrary dismissal. First, any action taken is purely advisory and has no binding force. Second, and much more important, individual dismissal cases are very rarely carried through the procedure.

I have examined records of National Joint Councils in three industries in which dismissals are at least occasionally submitted and have made some further investigation into the approaches taken. These industries are construction, retail and wholesale trade, and iron and steel. This examination was perhaps more enlightening than if no examples at all had been available.

In both construction and trade, the established employer principle is to avoid giving any reason for dismissal. If the employer simply dismisses a worker with proper notice, or pay in lieu of notice, the matter never gets into the machinery of the Joint Council. If, however, the employer alleges "industrial misconduct," summarily dismissing the worker, his case may get into the procedure. If it does, and if the employer does not sustain the allegation, the recommendation of the Joint Council is the payment of back wages to the date of the award, plus

additional pay in lieu of contractual notice. It is always assumed that a resumption of the employer-employee relationship is intolerable, so that reinstatement is never recommended.

### Arbitration

In the trades, though not in construction, the last step in the procedure is "arbitration," though the award has no binding effect—indeed the union specifically reserves the right to strike against an award. Arbitrators follow the general policies described above, though I did find one case in which an arbitrator recommended reinstatement of an employee at a less responsible position than that from which he had been dismissed. Arbitration is also provided for in the iron and steel procedure. According to the Assistant General Secretary of the union, no dismissal case within his memory had gone to arbitration. One exceptional case was mentioned of reinstatement accomplished by recommendation of the National Joint Council. However, not only was this exceptional in the industry, but the industry itself is exceptional in being much more job-centered and with a management much less defensive about its prerogatives than most of British industry.

Both British management and most of the officialdom of British trade unions are strongly insistent that disciplinary policy is a management function with which trade unions will not generally interfere. The exception to this general statement is the vigorous reaction that alleged "victimization"—dismissal for reasons of union activity—always will provoke in the trade union movement. Such cases are indeed likely to be entered into the agreed procedures,<sup>13</sup> and to provoke sharp local reaction.

<sup>13</sup> See various issues, Amalgamated Engineering Union *Journal*, proceedings of the

Central Conference at York, for example, March, 1962, p. 75, "Portsmouth Reference."

Despite these protestations, the investigator of British industrial relations quickly becomes aware that disciplinary suspension and dismissal is an extraordinarily sensitive area. Examination of the reports of conciliators to the Ministry of Labour, reports from which official strike statistics are compiled, for the year 1958 disclosed large numbers of strikes over disciplinary dismissal issues. Published data for 1959 and 1960 likewise show considerable unrest originating from these problems.<sup>14</sup> It is quickly apparent that, though formal institutions and arrangements to test the equity of disciplinary separations and to give the worker some kind of vested protection against arbitrary managerial action generally do not exist, British workers and the British industrial culture partake of the same values which have produced these formal arrangements in other countries.

It is well known that much of the content of the rules of industrial behavior in Britain is incorporated in custom and unwritten understandings rather than in formal institutions. Despite the assertions from both unions and management that discipline remains largely an unimpaired managerial prerogative, it is probably true that accepted codes in industry prevent an employer from lightly undertaking discipline. Should he do so, he may well be faced with a shop steward or informal committee saying in one of the many British accents: "We're not having that"—and often they don't. Though reinstatement is rarely achieved in the formal processes, it sometimes happens as a result of "unofficial" action.<sup>15</sup>

<sup>14</sup> See Ministry of Labour *Gazette*, May, 1960, p. 182 and following, and May, 1961, p. 185 and following. In each of the two years, numbers of the "principal stoppages" listed are over dismissal issues. In addition, in the statistical analysis of causes, it is apparent that many strikes are over disci-

Indeed, after some observation, I concluded that in many British industrial establishments management was more reluctant to invoke disciplinary action than is the case in the United States, and certainly more so than in France. Many British managers, when interviewed, frankly reported that they saved disciplinary cases for separation at the time of a reduction in force. British practice also lacks well-established formal rules for order of separation in such cases.

It seems clear that in Britain and France, as in the United States, institutions are developing which remove from management the unilateral power to decide who shall hold a job. The notion is inherent in all three societies, expressed most clearly in the "just cause" clause of the United States collective agreement, that while a worker may waive his equity by his own misconduct, he ought not to be deprived of it by an arbitrary act of the employer. The concept is well developed that the job is not the employer's to take away as it was given. Rather, it belongs to the employee, so long as it exists at all, until he abandons it voluntarily or by a demonstrable breach of understood rules.

### *Tradition and Culture Shape Institutions*

The developing institutions which express this notion, however, are shaped by the traditions and culture of the particular country. In the United States we have maintained the classical tradition with respect to unorganized workers, for whom no effective job protection is provided. But that American workers seek this

plinary issues, though they are not clearly separable from strikes over separation for other reasons.

<sup>15</sup> The evidence for occasional reinstatement is contained in the author's interview notes and his notes on conciliators' reports for 1958.

goal is indicated by its universal expression in collective agreements. And the American collective agreement represents, of the three countries here examined, the most forthright abandonment of nineteenth-century views about control over incumbency in jobs. The typical agreement presumes a continuing right to employment so long as a job exists, unless the right to the job is waived by some act or some quality of incapacity by the individual. Further, generally speaking, proof that the employee has abandoned his right rests with the employer. And, via the collective agreement, the classical rules of mutuality, reciprocity, prohibition of specific performance on the employer, and the rest, have disappeared.

We do have certain analogues to the French protections for special classes of workers or special categories of acts which may not legally serve as cause for dismissal—workers protected under the provisions of the Labor Management Relations Act or state FEPC laws. Here we have gone beyond the French precedent in providing for enforceable reinstatement of workers illegally dismissed. But, generally, effective protection in the United States depends upon the collective agreement; the unorganized worker remains in the traditional status of dependence upon his employer, while the organized worker has succeeded in establishing his right to employment.

In France, on the other hand, the notion of some kind of right to continued employment is rather older than in the United States. And, in France, it has developed as a generalized notion, that is, it does not depend upon the collective agreement,

but applies to all workers. Originally, the right to protection against arbitrary or malicious dismissal derived from the doctrine, applicable to many kinds of relationships, that wrong might be done even in the exercise of a right. In modern times, the development of this doctrine in labor relations has begun to achieve a distinctive character in that for some kinds of workers the presumption exists that they are innocent of a charged offense—the burden of proof applicable in other kinds of cases is reversed. But, while in France the right to continued employment is recognized at law for all employees, organized or not, French jurisprudence has not yet been able to overcome its reluctance to force reinstatement, though for shop stewards and works committeemen it seems on the very brink. Damages are still, generally, the only sanction, and, for industrial workers, damage awards are still typically small.

In Britain, security against arbitrary discipline rests upon the traditional and informal group solidarity of British industrial workers. In many situations, the deeply imbedded sense of job ownership together with the tradition of group action seems to have wrested from some British employers greater control over job incumbency than in the other two countries.<sup>16</sup> It is sometimes said in the United States that collective bargaining, with its traditional grievance procedure, assures the employer of some locus of responsibility and of reasonable test of his rights. The contrast with many British plants, in which employers have lost more of the power to discipline than in their United States counterparts, attests to the validity of this observation.

<sup>16</sup> See Ministry of Labour, *Security and Change*, London, Her Majesty's Stationery Office, 1961. It is believed that in an attempt to generalize, this study, except as to nationalized industries, has given an

overemphasized impression of orderliness and rule in the selection of employees to be laid off—even though to an American it may seem even here to be beset with uncertainty.

But in all three countries—in the United States as the practice of collective bargaining in its accustomed patterns grows, in France as jurisprudence and law accommodate themselves to industrial civilization, and in Britain as group solidarity and sense of job ownership enforce informal codes—control over job in-

cumbency by the employer consistent with nineteenth-century contractual notions is gradually being replaced by institutions which express the idea of a continuing right to employment in a job or family of jobs in which an equity has been earned.

[The End]

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## Panel Discussion

on

# "Industrialism and Industrial Man"

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Russell A. Smith, Chairman  
University of Michigan

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MY PARTICIPATION in this particular session can be attributed, I think, to an act of indiscretion on my part. As it happens, our distinguished President, Charles Myers, and I have had the personal good fortune (at least from my point of view) of mutual association as public members of the Presidential Railroad Commission. In the course of our numerous social discourses, I had occasion to inquire concerning the "Inter-University Project" described in the appendix to *Industrialism and Industrial Man*, and concerning "the book" itself. I wondered what kind of genius has enabled his group, together with their other associates, to publish as they have published, in both volume and quality. I quote from the Appendix to the volume *Industrialism and Industrial Man*:

"In its first five years of existence, the Inter-University Study has spon-

sored over forty projects involving work in thirty-five countries. A total of seventy-eight persons of eleven different nationalities have been involved in some phase of the research. Those associated with the Inter-University Study have published twelve books, and a Reprint Series contains twenty-one articles. A number of other articles have also appeared; an additional fourteen books are in the press or in manuscript; and several other projects are at the research and writing stages. . . ."

My inquiries of Dr. Myers led him to disclose something of the nature of the so-called Inter-University Study, its methodology, and the tentative conclusions of the authors of "the book." I happen to be a lawyer, not a labor economist, so I was interested in finding out, among other things, whether the group and the authors had accorded "the law" concerning industrial relations and basic legal institutions a proper place in the spectrum of their research and thought. From what he told me, I gathered

the distinct impression—which I feared would be the case—since the principals in the group are all labor economists—that they considered the law to be a matter of something less than fundamental importance in describing and evaluating the different industrial systems which they surveyed. I expressed shock and dismay, more or less facetiously, whereupon Dr. Myers said he thought my views should be given a hearing. Later, when I received the formal invitation to participate in this session, I found I was to be chairman.

I consider that the chairman's role, in accordance with the prevailing "law" concerning such matters, is to introduce people, not to say much. Hence, I am relieved of the necessity to develop fully any reactions I may have concerning "the book's" virtues or failures. However, I will say a very few words, now that I have finally read *Industrialism and Industrial Man*, the Appendix describing the project, and have noted the list of publications which has resulted from it thus far. I emerge with a set of impressions, reactions and questions.

(1) I am constrained to express my amazement at the awesome proportions of the Inter-University project. Its dimensions are really staggering, encompassing as they do, much of the world. The highly industrialized, the newly industrializing and the underdeveloped countries are all included, or at least a substantial sample of them. The conception, design and execution of the project required bold, imaginative and perceptive planning and thought, organizational skill of the highest order and the ability to translate plans into action in circumstances which must often have involved tremendous expenditures of energy. Certainly, this must be one of the most massive and sweeping research and educational programs in industrial relations history.

(2) I must also express my admiration for the literary qualities of "the book," *Industrialism and Industrial Man*. I doubt that even the more articulate lawyers could do better! The writing is pungent, yet precise; colorful, yet communicative. Four persons are designated as authors, and one must presume each of them actively participated in the writing. In a collaborative undertaking of this kind it is not unusual to find evidence that the several authors each wrote some assigned segment of the total product. This work, however, has continuity of style and an even flow in the development of the argument. I can only conclude that the authors did, in fact, jointly write the book. How they could achieve this, I do not know. I think I was told that much of the work was done in sessions held at Clark Kerr's California residence on the patio overlooking the enchanting scenery of Berkeley and the bay area. Perhaps this congenial setting contributed to the ability of the authors to harmonize their efforts and to develop the broad vistas which their work involves.

### **"Inherent Logic of Industrialism"**

(3) To turn to substantive matters, I judge that what the authors refer to as the "inherent logic of industrialism" will, in their view, because of certain "universals", tend on the whole, as the world inevitably seeks to industrialize, to redound to the total good of mankind in terms of not only of the standard of living but otherwise. There will be a reduction in the frictions which inhere in different political and social ideologies, and a general elevation of education, skills and culture. Thus, the tentative judgments of the authors, as reflected in *Industrialism and Industrial Man*, are replete with a kind of "glow of industrialism". Industrialization, with its indispensable base in technological

progress, tends "to raise substantially and progressively the average levels of skills and responsibilities of a work force,"<sup>1</sup> tends, in its later stages, to reduce "the discontent of workers,"<sup>2</sup> "tends to create an increasing level of general education for all citizens,"<sup>3</sup> places a "high value" on education, produces "an open community encouraging occupational and geographic mobility and social mobility,"<sup>4</sup> is flexible and competitive" and "against tradition and status based upon family, class, religion, race, or caste,"<sup>5</sup> conduces toward "realism" with attendant subordination of ideological differences,<sup>6</sup> tends to substitute "bureaucratic gamesmanship" for "class war"<sup>7</sup> and will provide a "great new freedom" for the individual as he realizes the product of increased leisure, which will make this "the happy hunting ground for the independent spirit."<sup>8</sup> In this great new order, "the world will be for the first time a totally literate world" in an "organizational society" peopled, however, not by "organization men."

These observations and predictions, if sound, should give us more confidence in the future than most of us, perhaps, now have. They seem to derive from an analysis of the intrinsic and universal characteristics of industrial enterprise, irrespective of the political, legal or other aspects of the particular society. The analysis is naturally that of the labor economist, primarily.

I do not attempt to pass judgment on the validity of these propositions, although I really wonder, for example, whether, as technology progresses, "average skills" will tend to increase. Given the validity of the

authors' judgments or assertions, the question I would raise is whether this "logic of industrialism" takes sufficient account of the effect of divergent societal factors, which the authors recognize exist, such as "distinctive cultural and economic settings," and, I would add, distinctive legal orders and values. Perhaps other members of our panel will have similar questions.

(4) My concern with the project, expressed as I indicated earlier more or less in jest, was that the "team" involved in the project included no lawyers and, as I had gathered from conversations with Charles Myers, paid little heed to legal structure and institutions. Naturally, it seemed to me that some member of my profession should have been present with the group on their world-wide peregrinations, not only to enjoy the personal educational dividends of such travel, but also to see that the study included appropriate attention to the role of government and the law in the industrializing process. I still think a lawyer should have been included. On the other hand, I find on reading "the book" that our authors cannot be accused of disregarding entirely the impact and role of law.

The book is replete with references to the "web of rules" which both surrounds and is produced by the process of industrializing. Indeed, the "web of rules" is recognized as one of the "universals."<sup>9</sup> The authors describe how these rules are prescribed under the five types of regimes of "elites" "who customarily and variously take the leadership of the industrialization process."<sup>10</sup> and they make the point that "the very idea of a rule and a complex set of related

<sup>1</sup> *Industrialism and Industrial Man*, p. 29.

<sup>2</sup> See footnote 1, at p. 30.

<sup>3</sup> See footnote 1, at p. 37.

<sup>4</sup> See footnote 1, at p. 43.

<sup>5</sup> See footnote 1, at p. 43.

<sup>6</sup> See footnote 1, at p. 282.

<sup>7</sup> See footnote 1, at p. 292.

<sup>8</sup> See footnote 1, at p. 295.

<sup>9</sup> See footnote 1, at p. 264.

<sup>10</sup> See footnote 1, at pp. 50, 240-243.

rules at the work place is itself a part of the process of economic development."<sup>11</sup>

The deficiency of the authors' views of the role of the law, if there be one, lies perhaps in their implicit assumption that the law and legal institutions of a particular country have little separable impact on the industrializing process, are readily changed to fit the needs and concepts of the prevailing order, whatever it is, and serve simply as necessary but conveniently adaptable instruments to enable government, management and workers to achieve in orderly fashion goals and programs motivated and influenced by more fundamental considerations. This view of the law is probably characteristic of most social scientists. Naturally, we of the legal profession think something more fundamental is involved, and that the legal heritage of a country, the law-making process, the philosophy of its legal system and its postulates concerning such things as civil liberties, due process and property rights are among the basic forces operating in a society in any of its evolutionary phases. This thesis I will not develop further, at least at this time. Moreover, I hope the authors will not ask me to state on this occasion exactly how this view, if accepted, might have changed the model of their study or the conclusions they have reached. This would take more time than is available, even if I were prepared to attempt answers to such questions. I simply express here a tentative reaction for what it may be worth. Perhaps sociologists, psychologists, historians and others concerned with industrial relations may likewise feel that their particular disciplines have been somewhat slighted.

(5) Nonetheless, I am sure that *Industrialism and Industrial Man* is a

contribution of major significance in the analysis of the industrializing process, with which the nations of the world are greatly concerned. I am sure this must be the general consensus. Having spoken more than I should have as chairman of this session, I turn now to those assigned to speak, and who can do so with more authority.

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Frederick Harbison — Princeton University and Charles A. Myers — Massachusetts Institute of Technology

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AS TWO of the four co-authors of the book, *Industrialism and Industrial Man*, we can speak for our associates in saying that we appreciate the critical and constructive comments which have been made by the other members of the panel in this session. This book was not intended to be the "last word" on the complex relationships between labor and management in economic development. Rather, it was seen by us as an attempt to sum up and generalize upon the initial series of country and cross-cut (topical) research studies which constituted the Inter-University Study of Labor Problems in Economic Development up to that time. We thought it was more useful to generalize at this point, as a means of suggesting further lines of research and of stimulating reflection upon a different approach to research in industrial relations. The comments here suggest that we have succeeded at least in part.

The typology of "industrializing elites," which is a central theme of the book, has come under particular attention in these comments and in other critical reviews. But this typology should be seen in perspective. Our approach emphasized three aspects of labor problems in economic development; (1) the "universals" required by the process of industrialization,

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<sup>11</sup> See footnote 1, at p. 243.



which we discussed in terms of "the logic of industrialization; (2) the "related," which we discussed in terms of five "ideal types" of industrializing elites, recognizing that any particular country represents a mixture of several types and different stages of industrialization, and (3) the "unique" features of a given country's industrialization, resulting from cultural factors and economic constraints facing that country. If these points were not fully understood in our original book, we hope they will be somewhat clearer in a revised and condensed version which is to be published late this year by Oxford University Press.

We would, however, insist that our typology of industrializing elites has been helpful to us (and to others with whom we have discussed our approach in seminars in a number of countries) in explaining the central differences between countries at different stages of economic development. Any generalization is bound to be an abstract from reality, but in understanding labor and management problems in Japan, for example, as contrasted with Egypt, our typology seems to us more useful than any other conceptual type of comparative analysis.

Finally, we should mention that our present research is directed toward one important area suggested by our framework for understanding industrialization. Investment in human resources, particularly in high-level manpower, is an important requirement for successful industrialization. Our present studies concentrate on the relationship between the development of human resources and the educational system, both formal and informal. This will also involve us in a consideration of appropriate strategies for human resource development, including changes in the formal educa-

tional system, the role of educational administration and the nature of student movements.

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Solomon B. Levine—University of Illinois

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**I**NASMUCH AS this work has already been subjected to extensive critical review (including my own<sup>1</sup>), to proceed further in this vein merely would be delving into particulars which the authors did not intend to develop in their "interim" report. Instead, I would like to raise the question of "where do we go from here?" Can we find in this volume directions for fruitful research efforts which will relate emergent patterns of industrial relations to certain processes of economic development? Rather than debate whether the blueprints of future industrial society presented has merit, or whether the concepts offered are sufficiently clear, or whether the approach suggested is consistent and analytical, I am more inclined to explore what we can do as researchers in the industrial relations field with the hypotheses that have been put forth. I make this suggestion in the belief that, whatever defects *Industrialism and Industrial Man* may contain (and I believe there are a number of serious ones), nonetheless, it has been one of the most serious attempts—at least since the IRRA was established—to provide the labor field with a unifying theme and to generate a "discipline" of industrial relations. As such, its hypotheses deserve the center of attention in empirical and theoretical research.

As I interpret the central problem dealt with, fundamentally it concerns the shifts of power configurations in societies in the process of industrialization. For the purpose of ap-

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<sup>1</sup> Solomon B. Levine, "Our Future Industrial Society: A Global Vision," *Industrial*

and Labor Relations Review, Vol. 14, No. 4, July, 1961, pp. 548-55.

proaching and defining this problem, the authors appear fundamentally correct in their attempt to construct a typology of power configurations through the device of industrializing elites. This is a methodological matter, for there is a need to develop starting points from which to trace and explain power shifts as industrialization proceeds. Many have expressed doubts about the usefulness of the particular typology the authors have constructed, but for research purposes the contribution in this regard has been to focus attention upon the need to construct typologies. It is reasonably clear that in different settings of emerging industrialization, the power configurations do vary, as the authors suggest, and cover a wider range of possibilities than the "traditionalists" had pictured. Obviously, then, here is an important area for research to build upon. The typological model offered is admittedly a rough one grounded in impressionistic interpretations of history. Much needs to be done not only to identify the characteristics of initial industrializing elites but also to explain why different elites emerged at a given stage in history to undertake virtually the same decisions that propel industrialization.

Beyond this task for research lies the testing of the authors' chief hypothesis: that regardless of the initial power configuration which emerges in the early stages of industrialization, all power configurations eventually will converge under the impress of a common value system that industrialization imposes upon any society however diverse in cultural heritage. This is a bold assertion,

which, while not new, is perhaps as definitively stated in *Industrialism and Industrial Man* as anywhere (including Marx and Mayo). It raises a number of major research questions, of which I would like to mention only three.

First, it suggests that power necessarily shifts as value systems change and vice versa. This proposition requires verification beyond what the study has offered. Granted for the moment that, compared to the pre-industrial society, industrialization requires new valuations (the "logic" of industrialism), there is a need to ascertain whether in fact power configurations shift to reflect these values. If we define power as Lasswell and Kaplan do as "participation in the making of decisions" so that "G has power over H with respect to the values K if G participates in the making of decisions affecting the K policies of H,"<sup>2</sup> then we are called upon in research to determine whether K are some of the emerging values associated with industrialization and also to determine who participates in decisions that give these values greater or lesser effect compared to other values.<sup>3</sup> This dynamic process calls for far more careful definitions of participation and far more intensive analysis of participation patterns than the book offers. It casts doubt about the formulation, for example, of the "glacial impact" of the labor movement, which implies that little of the critical decision-making passes to organized labor. Indeed, the process of participation is a subtle one to grasp, but the study certainly has raised this as a vital concern for research.

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<sup>2</sup> Harold D. Lasswell and Abraham Kaplan, *Power and Society: A Framework for Political Inquiry*, Yale University Press, New Haven, p. 75.

<sup>3</sup> See Murray Edelman, "Concepts of Power," in *Power in Industrial Relations:*

*Its Use and Abuse*. Proceedings of the Spring Meeting, May 2-3, 1958, Industrial Relations Research Association, (reprinted from the LABOR LAW JOURNAL, September, 1958) pp. 623-28.

Related to the participation question is the second area I wish to highlight, the problem of conflict. In my view, this is an area which the book failed to exploit. The failure is due I believe to the great leap that the authors make from the initial power configurations to the final depiction of power diffusion in the eventually fully industrialized society. There is a great lacuna in between, which has been partly shunted off in the proposition that labor "protest" peaks early in industrialization and then tapers off. Rather than deal with the conflict of values that industrialization produces, the authors deal with the institutions of government, management and labor, without giving full enough emphasis to the values that these various institutions embody. For example, in Japan, none of the major institutions gives primary heed to the value of mobility despite a relatively advanced stage of industrialization; conflicts over this value exist both within each institutionalized group as well as among them. As I have mentioned, power is a useful concept only with respect to specific values, so that conflict needs to be viewed in its total spectrum ranging over a wide variety of institutions. It is this process that needs to be studied with care to ascertain whether the values that the authors assert will dominate the industrialized society actually do emerge and with what strength. Just because labor "protest" declines (also a proposition that needs fuller substantiation), this does mean that conflict subsides or is reduced in scale; for, as Charles A. Merriam has pointed out, "power is not strongest when used in violence but weakest."<sup>4</sup> In this light, investigation of conflict will elucidate

the earlier question of power configurations and shifts in these configurations.

Finally, much more needs to be done in research with one of the most useful suggestions the authors have made, that is, the "web of rule" concept. To some extent—and certainly a substantial beginning—John Dunlop has provided a model for such work in his *Industrial Relations Systems*.<sup>5</sup> The value of this idea lies not only in providing a basis for comparative analysis but also for the identification of value systems and power configurations. In essence, the web of rule is another way of describing power relationships in a society, so that as the web is transformed, it is indicative of the changing power structure. In turn, the transformation calls for the explanation of underlying changing social, economic and technological conditions. Here the industrial relations researcher needs to turn to his fellow social and behavioral scientists whose disciplines fortunately are maturing to a point where such analysis may be done with increasing effectiveness.

To conclude, I am suggesting that the authors have set forth a number of critical areas as the core for industrial relations research. Among these are the identification of power configurations, the relationship between power and values, the process of conflict and the evolution of webs of rule. I do not mean to imply at all that research along these dimensions will yield findings to support their central contention that value systems will become more and more uniform throughout the industrializing world and that, even if they do, they will be reflected in similarly structured power configurations. This is what the research will attempt to find out. In-

<sup>4</sup> Charles E. Merriam, *Political Power*, McGraw-Hill Publishing Company, New York and London, 1934, pp. 178-9.

<sup>5</sup> John T. Dunlop, *Industrial Relations Systems*, Henry Holt and Company, New York, 1958.

deed, I am more prepared to hypothesize that for long stretches of time, value systems will continue to have different admixtures and undergo differing transformations and that power configurations will be equally diverse. In spite of the deceptive uniformity that "pluralistic industrialism" implies, it actually may be congenial to wide varieties of value and power combinations. We may in the end need a typology of industrialisms.

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William Gomberg  
University of Pennsylvania

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THE LATE Professor Rautenstrauch of Columbia's industrial engineering department once asked Professor Michael Pupin after whom the physics laboratories at Columbia are named, "How do you distinguish between a run of the mill physicist and a distinguished investigator?" His immediate reply was, "By the problems he chooses."

*Industrialism and Industrial Man* is a return to the heroic tradition of 19th Century social studies. It attempts a synthesis of social development in the grand manner of Michels, Mosca and Marx. Professor Neil Chamberlain in his review denigrates the approach of the author as a "latter day descendant" of the 19th Century German school of social history. We can at least say that this school of thought dealt with real problems. It did not permit purity of methodology to confine it to trivial problems. It did not use sledgehammers to kill cockroaches.

Unwittingly perhaps the authors have given the impression of industrialism that the modern day liberal churchman gives of the city of God and the many roads of getting there. As I read through the volume, I got the uneasy feeling that I was listening

to the tolerant churchgoer whose boast about his tolerance concealed his loss of faith in a godhead. The organized church has become so much a part of his social life that it is a shame to give it up. The dogma defining his faith has become meaningless because the dynamism has gone out of his religious fervor. Thus the tolerant churchman talks of there being many roads to heaven and "many rooms in my father's mansion," when he actually means it's all so unimportant.

The end is defined as industrialism and five separate paths are described, two of which have survival value, the path of middle class development and the path of the revolutionary intellectuals.

Industrialism standing of and by itself is meaningless and neuter. Quite clearly a common industrial technology imposes the same set of occupational divisions on different cultures that an earlier agrarian technology had imposed upon its constituents. What was significant in the earlier agricultural eras was not the sameness of social organization but its variety. The technology of agriculture in 17th Century England was not much different from the technology the 17th Century Russia. Yet somehow, the difference in human experience between the English farmer and the Russian serf was of much greater significance than the common tools and technology employed by them both.

There is an implicit moral nihilism in this treatment which separates means from ends. A web of rules conceals as much as it defines. A concept that embraces every relationship between slavery and citizenship explains so much that it explains nothing. One can almost hear Molotov's reply to the question of how he felt about signing the Nazi-Soviet nonaggression pact: "Fascism? It's a matter of taste." Let me hasten to add, lest I be misunderstood, that I

do not believe that Clark Kerr, Charley Myers, Fiz Harbison or Jack Dunlop are indifferent to the moral overtones of what happens in the world. However, by making a neuter term like industrialism, the anchor of their system, they become the victims of the illusion of a value-free sociology.

It seems to me that a meaningful theory should enable the observer to predict and, yes, shape the kind of human experience that the population undergoing industrialization will experience. A vague concept of a web of anonymous rules just isn't good enough. Perhaps what is needed is an internationalization of Hoxie's concept of functional unions domestically to a classification of functional industrial relations systems embracing both management and labor organizations internationally.

The web of rules is defined as an explanatory principle. It is not good enough. In explaining everything it explains nothing. It's the differences between these roads to industrialism that are significant because they will shape not only the human experience en route but the very nature of the end itself.

The authors are to be congratulated, however, on having tackled a problem worthy of their stature. It's a pleasure to be able to read significant research preoccupied with significant problems, instead of these eternal searches in the bush and suburbs, designed to permit the investigator to boast "Look Ma, I'm making like a physicist!"

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Joseph A. Raffaele  
Drexel Institute of Technology

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**M**Y COMMENTS derive from experiences in Western Europe and the Soviet Union and with labor trainees from developing areas, both

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of which have a bearing on recent interpretations of industrialism and industrial man.

In Italy several years ago I began to tinker with some interview items in order to learn whether national character and industrial relations could be associated on some sort of quantitative basis. With four labor movements and an extraordinary degree of cultural diversity, Italy provided an excellent opportunity for such probing. Later I chose Denmark as a unit of comparison, because of the cultural homogeneity of that country and of a system of industrial relations which is almost the diametric opposite of Italy. While national character is statistically an abstraction, its study in such a country as Denmark proved unusually illuminating. In its initial stages my investigation was concerned with differences in the labor movement alone. It soon became apparent, however, that in order to make the comparisons meaningful the analysis would have to be extended to the entire system of industrial relations.

From the findings of this investigation, which are to be published this summer, it became clear that the effect of national character on the forms taken by industrial relations is considerable. The problem was one of measuring this influence on a cross-country basis. After many tentative approaches, I found a useful benchmark in the comparative study of labor leadership. By this I do not mean either a formal analysis of the characteristics of leader elites or an informal travelogue in the manner of De Tocqueville. Nor were economic factors excluded. Rather, the aim was to observe the intricate pressures and counter-pressures affecting the behavior of labor leaders and to infer from these certain relationships between national character and social change. To cite an example, the atti-

tude of the labor leader toward conflict is most significant when in one country it is the spice of life and in another a mark of social failure.

The validity of such an undertaking is predicated on the possibility of ferreting out authentic popular leaders. Labor leaders are not all trade union officials. They may be politicians, priests or social idealists, such as Danilo Dolci in the Mafia region of Sicily. Such leaders are symbols of national character and mirrors of the values and pressures within a society. The national differences they embody are unmistakable and striking. A Danish labor leader behaving like a Dane in the labor movement of Italy, and his Italian counterpart performing in like fashion in Denmark, would be equal absurdities. The problem that remains is to take systematic account of these differences.

The method relies essentially on depth interviews with such leaders and with the people upon whose loyalty they depend. Three kinds of information were sought: (1) census information, including that on socioeconomic origins, occupational histories, age, education and organizational affiliations; (2) value information, including what constitutes success and attitudes toward work and toward social conflict; (3) behavior information, showing the subject's response to particular situations.

I would be the first to grant the danger of misinterpreting the subjective information obtained from such a survey. Events themselves, of course, are the result of subjective reactions, and sometimes of total misconceptions. This is a complicating but inescapable fact about the nature of social reality. There is the peril, however, that the world pictured by a survey may in fact exist nowhere outside the drafting board of the

social scientist. Don Quixote's mistaking of windmills for giants did not protect him from the lance-shattering impact of those inflexible structures when he came to joust with them. Among the tasks of the social scientist is that of determining the relative influence on events of both subjective impressions and external realities.

The interviewer engaged in such a comparative study of industrial relations has two major aims. The first is to elude a maximum of candor and a minimum of self-imposed censorship. The second is to determine accurately what produces similarities and differences in the responses. Where interpreters have to be employed, a further complication is introduced. The interpreters' own peculiar biases and points of view may be injected into the situation, to the extent that a comparative study of industrial relations may degenerate into a comparative study of interpreters.

I may add here that I had hoped to broaden the basis of comparison so as to include the U. S. S. R. However, my investigations there met with enormous, though hardly surprising problems. One is confronted in that country with a pathological antipathy toward American probing, in which the Russians see an intent to undermine beliefs that give meaning to their lives. An investigation of Soviet national character meets with strong resistance, as though it were a deliberate attempt to uncover a national weakness. The Russians' traditional sense of inferiority, dating back to events before the Bolshevik revolution, asserts itself in a show of solidarity. For the American observer sensitive to the characteristics of these people, the restraints imposed upon him are galling and wearisome. The continual effort not to succumb to provocations which tempt him to be unduly critical, but rather to develop a sustained empathy, forces

him into a kind of limbo of suspended animation which produces a considerable strain. A principal stumbling block to an empathic approach is the unrelenting hammering away at official truths in the U. S. S. R. To the investigator, individualistic responses are a sign of integrity, but by the investigated they appear to be considered a show of weakness. The American considers candor a means of rapport. The Russian reacts to it with confusion and suspicion. As a result the investigator finds himself caught in a series of distorting images which make him wonder what is real and what is not.

If material is successfully gathered, the goal of this kind of inquiry is to systematize the similarities and differences of attitudes among labor leaders and to correlate them with particular patterns of industrial relations. In this way certain associations can be established between national character in general and social systems in particular, and these associations can then become the basis for a comparison between countries.

Before any sound conclusions can be reached, however, there remains the task of a massive accumulation of data on national character and industrial relations. Our orientation is still largely Anglo-Saxon and Nordic. We cannot presume to construct an international theory of industrial relations without first obtaining more insight into Latin and Slavic societies. Once data concerning them have been accumulated, computer technology can be employed to ascertain which aspects of national character have the greatest effect on industrial relations. We shall then be able to determine whether the assumption that all systems tend to become increasingly similar is/or is not valid. And we can also proceed with more confidence in accounting for the psychological differences in populations.

In such an inquiry the correlation of single variables will not take us very far. It has been suggested, for example, that invidious social comparisons play a dominant national role which in turn affects the course of industrialization. But is the observation anything more than a tautology? What is needed, rather, is a series of cultural variables upon which a multiple correlation between the patterns of national character and of industrial relations can be based.

The prospect of such a massive international study for research in industrial relations thus far has not been too encouraging. It has been too provincial, too parochial, too haphazard and prima-donnaish. Labor economists have gone abroad, psychologists remain the handmaid of personnel management, and sociologists either have gone their separate ways in the bush or prefer to stay in the suburbs. Meanwhile, publications on insignificant matters accumulate on library shelves and clutter already laden desks in appalling numbers. To prevent total chaos, the gathering and sifting of information has to be made more efficient. With the drive toward industrialism now a world-wide phenomenon, the need is urgent for some sort of clearing house by means of which rapidly accumulating data can be integrated and made available for use. The small institution may not be able to perform such a role. While having the advantage of an eclectic point of view and no vested outlook, it lacks graduate students as a source of cheap labor and hordes of foundation dollars to cover massive areas in entrepreneurial research. Perhaps a neutral ground organization such as the Industrial Relations Research Association could perform this function. Somewhere, somehow, the job must be done.

At the same time, there might be a shift in emphasis away from the current preoccupation with problems of management. Comparative labor problems of industrialization are no less real. It is apparent, for example, in our own society, with its longer life expectancy and its emphasis on production, that the aged tend to become a peculiarly disfranchised class, and that poverty acquires a new grotesqueness—symbolized by the increasing number of rootless and disturbed children, by television antennas thronging the roofs of dilapidated houses, and by shiny automobiles in which relief packages are transported. By comparison, in a rural economy the poor have a certain dignity, the aged occupy a position of prestige, and children, however deprived, are noticeably more stable and happy. Clearly all of this is of primary significance; yet there has been no comprehensive study of the poor for two decades.

The point of view of the laborer has been neglected. There is a need for research into the laboring classes of countries in the process of industrialization. One would suppose that major changes in popular opinion must occur at different stages of that process. What do laboring people conceive to be their role in society? What do they think of their employers and trade union officials, of work itself, of leisure? What is their notion of success? What, finally, are the causes of poverty among them, and which groups are its main victims? Research into these questions may lead to an examination of assumptions which are now in operation: for example, the assumption that what appears unique is actually, at bottom, a representative of a genus or class of phenomena; the assumption that technology will eventually submerge all dissimilarities; and the paradoxical assumption that the urge to dominate

the environment and the desire for an easy life are both universal. Right or wrong, these assumptions underlie, and to a great extent dominate programs of international labor training which cannot but have a momentous influence on future events throughout the world.

In such training, a swarm of political, trade union and government organizations are proceeding in various ways to educate and train foreign labor and those who claim to be their representatives. In this activity, the American government is the world's largest spender. The per capita cost of many thousands of its trainees is estimated at approximately \$9,000. In many instances without knowledge of their ruthless impact on sound rural cultures, these organizations seek to create men in their own image and to establish thereby a means of exerting their influence. Herein lies a singular characteristic of contemporary hot-house industrialization: the structuring of labor forces under the manipulation of foreign organizations, which often command considerable resources. Their aim is frequently not education in the traditional sense but indoctrination and propaganda. Their major concern is not with creating jobs, preparing for jobs, or aiding in the process of development, but with constructing sympathetic political coteries.

To this effort the American trade union federation, assisted by public funds, is making a major contribution. I am not sure, however, the federation has done much thinking in such programs beyond vague sentiment on the belief in trade unionism and anti-communism. The emphasis of its programs on American trade union organization, coupled with the characteristics of local labor forces may produce singular results. The pot-pourri of American technical do-how, the political ambitions of those con-



trolling immature local labor organizations, and the characteristics of local cultures, may foster a totalitarian outlook and destroy genuinely democratic processes. Despite the propaganda to the contrary, Western industrialization does not necessarily foster democracy. Nor is this effort acutely conscious of the ethical implications of such training, or concerned with preserving the satisfying aspects of indigenous cultures. The concentration of public funds on showing how to run a union meeting rather than on how to make complex decisions in development may defeat the purpose behind the effort to create strong labor organizations. For the outcome may be power blocs whose technical level does not rise much beyond table thumping.

What developing areas need urgently is a functional program which will create the manpower necessary for a specific plan. From the point of view of the developing country's own interests, this means training technicians equipped to solve problems in particular areas, who are optimistic about finding such solutions. Where resources are scarce and time pressing, such a goal ought to have priority. The controllers of the purse strings, however, may not have the same point of view. In the words of a government official, the primary purpose of education in the developing nations is to develop and maintain individual and national freedom. I suspect this has about the same ring to foreign nationals as to be told that the primary purpose of training is to develop communism. The reaction is likely to be suspicion. Such a statement implies that freedom is a material commodity, which can be transplanted to less industrialized cultures. The presumption appears to be that the transplanting of institutions will insure freedom, whereas the opposite may occur.

Unless it can be redirected, what is the possible outcome of such international labor training? Labor organizations may evolve whose members are not involved in the making of decisions and who have no occupational or idealistic orientation. One set of exploiters may be substituted for another. There is a likelihood of such an eventuality if the training given in this country amounts essentially to an industrial relations "cook's tour" and that abroad to an instrument for fostering the ambitions of non-Communists in control of pseudo-labor organizations.

A remedy may be found in the diversion of funds away from individuals and organizations with a "worker education" philosophy in favor of the regular academic social science faculties with knowledge of development processes. The focus of such training would be upon problems of the trainee's own country rather than the institutions of the trainer. I recognize, of course, that vested interests make such a shift in priorities difficult.

In the current universal drive to industrialize, a basic problem of countries with low living standards is that of increasing productivity in agriculture and industry. The educational assistance which can be offered for this objective must take account of different levels of development, different problems, attitudes and social structures. Those at a beginning stage have problems of motivating the will to work, of fostering the belief that change is possible, of encouraging cooperative zeal and of developing a spirit of inquiry in industrial processes. It is erroneous to suppose that a society of low economic development can be given sufficient incentive by simple exposure of its elite to methods of their counterparts in more complex societies. When such exposure occurs too abruptly the learner may take refuge in skepticism, confusion

and resentment. If he applies literally the methods he has learned, he may meet with explosive consequences. Furthermore, though it ought to be obvious, the education program should vary according to the particular conditions of the trainee's country.

Such training programs cannot properly assume that technology can thrive only in the presence of cultural patterns similar to those of the United States or any other leading country. A reasonable efficiency and cultural diversity may be quite compatible. Italy provides a clue on how to have the cake of industrialization and the consumption of individuality too. The model of New York with its tendencies to commercialize and bestialize the human relationship may compete with that of Florence and its intensively satisfying human associations. If she muffs this opportunity, she will have lost the chance to make a unique contribution to Western industrialization.

It may be also a mistake to have the trainee go away convinced he must wreak havoc upon his own cultural system. Nor, on the other hand, should the learning process blunt the spirit of protest. There is a danger of producing a kind of cultural dichotomy which freezes the trainee's effectiveness as a leader and prevents him from functioning. While conscious of Western methods, the trainee is likely to have been brought up under a paternalistic style of leadership. He cannot totally abandon this style without producing serious cultural dislocations. The training he receives may in fact teach him how such a style can be converted into authoritarianism once he comes face to face with considerable difficulty. If he does not become a dichotomized impotent, he may become at least a tyrant.

Some guiding principles may be suggested for such training. First may be an awareness by the instructor

of the morality of what he is doing. Second, local cultural patterns may possibly be converted from a hindrance to an aid in development. There is no proof that the elimination of poverty comes out of one cultural package. Third, the educational effort should include the masses as well as the elite. The exclusive training of top managers with no concomitant effort at the base may boomerang. It may produce an industrial relations system whose component parts are out of phase. Fourth, the instructor should be knowledgeable concerning the cultural environment of the trainee. It is advisable for him to begin his teaching with a joint exploration of the cultural and economic patterns of the trainee's country.

There exists also the possibility that the trainee may have some question in his mind as to whether he might do better doing the Soviet Union instead of the United States. The question is a delicate one which calls for candid discussion. No mere dismissal with pat propaganda phrases will suffice. The instructor will be better equipped to handle the situation the more thorough his knowledge of the motivations behind the educational system of the U. S. S. R. and of the history of its industrial system.

The instruction should arise out of particular problems as they are seen and described by the trainee himself, and out of a recognition of the environmental obstacles to the solution of these problems. Ideally, there should be worked out with the trainee a series of goals, based on the cultural and environmental peculiarities of his own region. He should be given sufficient historical perspective to be aware of alternative solutions to the problems he can expect to encounter. To accomplish so complicated an objective, the instructor must proceed by a combined process

of planning and improvisation. Furthermore, he must not take for granted the degree of confidence the trainee can expect from the masses of his own country. The problem of acceptability is more acute in Latin America than it is in Asia or Africa, where labor leadership arises out of nationalist movements and can take advantage of the energies of such organizations. It must be recognized that the trainee may not be fully representing the will of those he purports to represent, and there is always the peril of his alienating him further. There is also the possibility that trainees from regions where industrial development is under the control of a central authority may feel a restraint upon their own freedom of expression of which the instructor is not aware.

To conclude, there has always existed a minority of men in the world who have acted creatively instead of responding supinely to dominant external forces. Such creative individuals have imagined change in new and radical ways, and have proceeded to transform their conceptions into reality. So long as this potentiality of human character persists, there is no telling what new forms of industrial order the future may hold. For this reason, the prevailing assumptions of technology, of which I spoke a moment ago, may perhaps be too deterministic.

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Bruce H. Millen—Brookings Institution.

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I AM at a disadvantage in that I have been asked to comment on a book which I read a year ago and have not picked up since. The authors are at a disadvantage here in that those ideas which I found to be noteworthy have been assimilated and are part of my own thinking process, while the ideas with which

I disagree stand out in relief and form the basis of any critical comments I have. This concentration on the negative borders on the unfair.

First of all, I disagree with the concept that there is an "inherent logic of industrialism" as outlined by the authors. If there is, and the final product is as described in the final chapter of the book, I for one would be tempted to opt for a return to tribalism. The picture drawn is a horrifying one. My real objection, however, stems from the deterministic "set" to the book—a determinism which seems to deny the role of people in the process of development.

I feel that the authors have anticipated—and here again it is the emphasis on the deterministic nature of economic development which is at the heart of the problem—a necessary prerequisite before any of the things they discuss can take place. Prior to genuine economic development a resolution of certain basic political issues must take place. Now, one of the more important political issues, that of colonialism, has been—or is in the process of being—resolved. The people for whom the development is to take place are now in control of this development. There remains, however, a host of political problems involving the development of a degree of political consensus which will provide a framework within which economic progress can be made.

The authors, as well as others who have talked this afternoon, center their attention on the development of an industrial relations pattern and, quite naturally, relate the trade unions to this. There is a high degree of irrelevancy in these comments, because, as we all know, trade unions in most of the underdeveloped countries are part of a political force. The type of economy and the type of political milieu in which the unions operate

does not relate itself at this time to the development of a labor-management relationship as we have grown to understand it.

In the early part of the book, if I remember correctly, it is stated that trade unions do not make the major decisions concerned with development. This is certainly true if we are talking about trade unionism in the United States. But, in those countries where the unions are part of a political complex and where they have political influence as a consequence, it is quite likely that union leaders will

have considerable influence in determining the type of economy that is to develop, and they may be influential in a whole host of decisions influencing the basic institutions of the state. This fact must be taken into consideration by all of us. In a fluid political situation, during a period of rapid change, it is this opportunity to wield power across a broad range which draws most of the union leaders onto the path of "political unionism" as contrasted to the path chosen in the United States.

**[The End]**

# Program

Tuesday, May 8

## SESSION I—THE ECONOMIC SETTING FOR JOB COMPETITION BY THE NATIONAL LABOR MOVEMENTS

**Chairman:** *William Gomberg*, University of Pennsylvania

### Papers:

*Fred Breier*, University of San Francisco, "National Wage Payments and the International Balance of Payments."

*Koji Taira*, University of Washington, "The Dynamics of Industrial Relations in Early Japanese Development."

*Arthur M. Ross*, University of California, "The New Industrial Relations in Britain."

## LUNCHEON MEETING

**Chairman:** *Charles Myers*, Massachusetts Institute of Technology.

**Speaker:** *George W. Taylor*, University of Pennsylvania, "Labor-Management Relations and the Balance of International Payments."

## SESSION II—PROBLEMS OF AMERICAN LABOR AND MANAGEMENT IN THEIR RELATIONSHIPS WITH INTERNATIONAL ORGANIZATIONS

**Chairman:** *Milton M. Weiss*, Chief, Unemployment Compensation Division, Bureau of Employment Security, Commonwealth of Pennsylvania.

### Papers:

*Robert J. Alexander*, Rutgers University, "International Labor Groups in the Americas."

*Rudolph Faupl*, International Representative, International Association of Machinists and United States Worker Delegate, ILO, "International Labor Organization."

*Clark R. Mollenhoff*, Cowles Publications, Washington, D. C., "What United States Labor and Management Can Contribute Abroad."

*Arnold Zack*, Attorney, "The Impact of Western Trade Unionism on Africa."

## DINNER MEETING

**Chairman:** *Gaylord Harnwell*, President, University of Pennsylvania.

**Speaker:** *Arthur Goldberg*, Secretary of Labor.



Wednesday, May 9

SESSION III—SOME PROBLEMS OF NATIONAL LABOR MOVEMENTS

**Chairman:** *A. Allen Sulcove*, Secretary of Labor and Industry, Commonwealth of Pennsylvania.

**Papers:**

Puerto Rico—*William Knowles*, Inter-American University of Puerto Rico, "The Puerto Rican Labor Movement."

Japan—*Bernard Karsh* and *Solomon B. Levine*, University of Illinois, "Present Dilemmas of the Japanese Labor Movement."

Italy—*Maurice F. Neufeld*, Cornell University, "The Italian Past and the Future of Impoverished Nations."

Israel—*Irving Sobel*, Washington University, "The Histadrut—Adjustment to National Independence and Economic Change."

France and Britain—*Frederic Meyers*, University of California, Los Angeles, "Job Protection in France and Britain."

SESSION IV—INDUSTRIALISM AND INDUSTRIAL MAN—  
A PANEL DISCUSSION

**Chairman:** *Russell A. Smith*, University of Michigan.

**Panel:**

*Frederick Harbison*, Princeton University.

*Charles A. Myers*, Massachusetts Institute of Technology.

*Solomon B. Levine*, University of Illinois.

*William Gomberg*, University of Pennsylvania.

*Joseph A. Raffaele*, Drexel Institute of Technology.

*Bruce H. Millen*, Brookings Institution.





## Local Arrangements Committee

*William Gomberg*—General Chairman—Professor of Industry, Wharton School, University of Pennsylvania.

*Milton M. Weiss*—Secretary—Chief, Unemployment Compensation Division, Bureau of Employment Security, Commonwealth of Pennsylvania.

*Albert Noren*—International Ladies' Garment Workers Union, Philadelphia, Pennsylvania.

*Howard M. Teaf*—Professor of Economics, Haverford College, Haverford, Pennsylvania.

*Thomas Roberts*—Head of Economics Department, Villanova University, Villanova, Pennsylvania.

*Rosalind Schulman*—Research Director, IUMSWA, AFL-CIO.

*Frank C. Pierson*—Professor of Economics, Swarthmore College, Swarthmore, Pennsylvania.

*Joseph A. Raffaele*—Director of International Industrial Relations, Drexel Institute of Technology, Philadelphia, Pennsylvania.





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