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**INDUSTRIAL RELATIONS**  
**IN**  
**WORLD AFFAIRS**

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*Proceedings of a Conference Held  
in Los Angeles, June 4, 1948  
and in Berkeley, June 7 and 8, 1948  
on the Occasion of the Meetings of the  
International Labor Organization  
in San Francisco*

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## INSTITUTE OF INDUSTRIAL RELATIONS

**FEW AREAS** in the domestic social life of the nation are vested currently with greater public concern than the field of industrial relations. The development of better relationships between organized labor and organized employers, and the integration of these relationships with the interests of the individual citizens and the nation as a whole, constitute one of the most serious problems facing our economic and social system today.

The Legislature of the State of California expressed its desire to contribute to the solution of this problem when, in 1945, it established an Institute of Industrial Relations at the University of California. The general objective of the Institute is to facilitate a better understanding between labor and management throughout the state, and to equip persons desiring to enter the administrative field of industrial relations with the highest possible standard of qualifications.

The Institute has two headquarters, one located on the Los Angeles campus and the other located on the Berkeley campus. Each headquarters has its own director and its own program, but activities of the two sections are closely integrated through a Coordinating Committee. In addition, each section has a local Faculty Advisory Committee, to assist it in its relations to the University; and a Community Advisory Committee composed of representatives of labor, industry, and the general public, to advise the Institute on how it may best serve the community.

The program of the Institute is not directed toward the special interests of either labor or management, but rather toward the public interest. It is divided into two main activities: investigation of the facts and problems in the field of industrial relations, which includes an active research program and the collection of materials for a research and reference library; and general education on industrial relations, which includes regular University instruction for students and extension courses and conferences for the community.

*Industrial Relations in World Affairs*

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**Presented by**  
**UNIVERSITY OF CALIFORNIA**  
**INSTITUTE OF INDUSTRIAL RELATIONS**  
**AND**  
**DEPARTMENT OF INSTITUTES, UNIVERSITY EXTENSION**  
**IN COÖPERATION WITH**  
**TEACHING INSTITUTE OF ECONOMICS,**  
**UNIVERSITY OF CALIFORNIA,**  
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**AND INSTITUTE OF INTERNATIONAL RELATIONS,**  
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# FOREWORD

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THE OPPORTUNITY presented to us by the meetings of the International Labor Organization in San Francisco was undoubtedly unique. Under no other circumstances would it have been possible to bring together, from the major continents of the world, a group of speakers of this kind to participate in one of our Industrial Relations Conferences. Not only does each hold a leading position in the councils of government, industry or labor in his own country, but each is an active member of the international community whose progress is so crucially important to all of us.

The addresses printed herein are those which were delivered at the Conference by ten employer, employee, and government representatives on the Governing Body of the ILO. Each address is focused on the central issue of public policy with respect to collective bargaining and industrial disputes. Systems of industrial relations which rest heavily on state intervention, as in France, and others which depend chiefly upon private negotiations between well-organized groups, as in Sweden, are described. Highly industrialized nations, such as the United Kingdom, and primarily agricultural nations, such as China, are represented. Despite differences, however, it is possible to perceive a more or less common set of problems in each country and a developing pattern of adaptation.

It is a pleasure to acknowledge the contribution of those who served as chairmen of the various sessions or who participated informally in the discussions. These include Dr. Luis Alvarado, Ambassador to Canada from Peru and Chairman of the Governing Body of the ILO; Mr. William Gemmill, South African Employers' Delegate and Member of the Governing Body of the ILO; Mr. Allen Blaisdell, Director of International House, University of California, Berkeley; Mr. Frank C. Clarvoe, Editor of the San Francisco News; Professor John B. Condliffe, Director of the Teaching Institute of Economics, University of California, Berkeley; Dr. Abbott Kaplan of the Institute of Industrial Relations; Dr. Dean E. McHenry, Dean of Social Sciences, University of California, Los Angeles; Dr. Eugene Staley, Educational Director of the World Affairs Council of Northern California; and Professor Gordon S. Watkins, Department of Economics, University of California, Los Angeles.

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**THE IMPACT OF PUBLIC POLICIES ON  
INDUSTRIAL RELATIONS**



# Sweden

By WILHELM BJORCK\*

SWEDEN has a population of approximately 6.7 million people, 36 percent of whom are engaged in industry and handicraft, 32 percent in agriculture and forestry, 18 percent in commerce and transportation, and 14 percent in public services, independent professions, domestic service, etc.

Sweden covers an area of around 173,000 square miles, a little more than the State of California.

The trade union movement in Sweden started at an early time. By 1882 trade unions were organized in many places. At the end of the 1880's the first national union federations were organized for separate trades and industries. In 1898 these federations had emerged into a central organization, called The Confederation of Swedish Trade Unions. From the outset, the Swedish trade union movement established intimate contact with the political labor movement.

The powerful organizations formed by the workers soon led to counter-measures on the part of the employers. Management organizations were thus established in various branches of industry for the protection of the affiliated employers against organized labor. The oldest of the more important associations of this kind, formed in big industry, was the Swedish Engineering Employers Association, established in 1896.

After the general strike of 1902, a few separate employers' organizations together with some major independent industrial concerns formed the central organization of the Swedish Employers Federation.

At that time the Confederation of Swedish Trade Unions numbered only 40,000 members. Four years later a settlement was reached under which the employers agreed to respect the right of the workers to organize, while the workers recognized the employers' right of management and freedom to select the labor required without regard to union membership.

## GROWTH OF CENTRAL FEDERATIONS

Both the Employers Federation and the Confederation of Swedish Trade Unions have grown rapidly in numbers as well as in influence.

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\* Dr. BJORCK has had a long and distinguished career as educator and public official in Sweden. He has been a member of the Swedish Parliament (1917-20 and 1927-38), was Undersecretary in the Ministry of Social Affairs, and since 1939 has been Director of the Paymaster General's Office (which corresponds with the Treasury Department). For more than a decade he has been a member of the ILO Governing Body, a Delegate to International Labor Conferences, and a participant in other international bodies.

The Employers Federation comprises about 9,400 industrial and trade enterprises, employing a total of some 625,000 wage earners, mainly in industry and handicraft, but to some extent also in transport and commerce. Outside the federation there are independent employer organizations covering agriculture and forestry, shipping and private railways, hotels and restaurants, wholesale and retail trade and a number of minor handicraft industries. In collective bargaining, however, the employers in these trades are governed by the policy of the Employers Federation. Moreover, a certain amount of permanent coöperation has been established between the Employers Federation and the principal independent organizations of employers. At present the Confederation of Trade Unions comprises 45 different trade federations with a total of about some 1,200,000 members and has thereby reached a voluntary adherence which is proportionally greater than that of any other labor organization in the world.

On the labor side there exists apart from the CTU an independent organization of so-called "Syndicalist" workers, mainly engaged in forestry, comprising some 20,000 members. A large number of associations of white-collar workers are united in the Central Union of Salaried Employees, the membership of which is at present 240,000. Small sections of this branch started organizing themselves at the turn of the century. Gradually the organizations thus formed were amalgamated with larger sections and by now the Central Union of Salaried Employees covers the whole field of public and private salaried employees.

The State has followed the principle of allowing the parties in the labor market liberty to settle their differences without unnecessary interference. In the early beginnings of trade unionism, the State did take measures against striking workers, using police and military force. Pioneers of those days can bear evidence of harsh punishment executed by employers on workers who enjoyed the confidence of their fellow workers and acted on their behalf in the struggle between capital and labor. This frequently happened during the last decades of the nineteenth century and even sometimes—however, not very often—at the beginning of this century. The law of the land, in those days, provided a legal basis for retributions of this kind. I am, however, glad to say that those days are, by now, a fading memory and that the strong organizations which now stand against each other form a guarantee of settled relations in the labor market. The policy of retributions, therefore, has passed into its grave.

Before treating the part played by the State respecting our present subject, I want to say some few words on a matter which is characteristic of the relations between the parties in the whole of the Swedish labor market. The matter to which I refer is the labor contract or collective agreement.

## COLLECTIVE AGREEMENTS IN SWEDEN

The collective agreement has totally replaced earlier individual contracts between employers and workers. The essential part of the Swedish labor market is governed by collective wage agreements, and the remaining part is in fact adhering to the standards laid down in these agreements. It is only in agriculture and forestry, where management and labor have not yet organized to the same extent as in manufacturing industry, that wages and working conditions remain comparatively unaffected by collective bargaining. At the end of 1943 a total of approximately 15,000 collective agreements were in force, involving 62,000 employers and 1,200,000 workers.

The first labor contracts consisted of a written agreement between one private employer, representing only one working place, and one trade union. This form of agreement has been called the "single-enterprise contract." Side-by-side with this kind of contract another type, called the local contract, developed. This contract was concluded between several or all employers in a certain industry of one locality and the trade union. These two types of contracts prevailed after the formation of local trade unions into national trade unions. The employers, however, united into associations covering the whole country, were anxious to establish, as far as possible, similar contract terms for the whole field of their activity. It was found that this could only be effected by concluding contracts with corresponding national trade unions. In this way national contracts were achieved.

It should be noted that the Swedish collective agreements, in spite of being concluded between trade unions and employers' associations, are applicable also to unorganized workers in the enterprises concerned.

The periods during which contracts are valid vary. For most contracts the period is one year; for some, however, it is two years. The time for giving notice of desire to change the terms of a contract also varies. As a rule it is three months.

As regards the contents of the collective agreements, the principal attention is given to the rules concerning wages and hours.

As a matter of particular interest, it is worth mentioning that the trade unions have been anxious to reach agreement concerning guaranteed hourly wages for piecework. Compensation to be paid for overtime work is also specially regulated. Sunday work and night work are higher paid than other overtime work.

Earlier agreements also contained regulations concerning holidays. Nowadays this question is regulated by law—I shall give further details of that later. Special prescriptions concerning holidays are put into the

agreements only when more holidays than fixed by law have been agreed upon by the contracting parties. This seldom happens.

The apprentice system is subject to regulations within those trades in which the work has the character of handicraft.

Finally almost all agreements include rules concerning settling of disputes during the time when the contract is valid. A few agreements provide for arbitration as a means of final settlement.

The legal status of the collective agreement is regulated by a special law, the 1928 act respecting collective agreements. In fact this legislation is only a codification of developments which have occurred under voluntary agreements. Under the 1928 law the functions of a collective agreement are twofold. First, it sets down the terms of employment which the employer undertakes to apply in the course of his business. As a rule the employer is considered to be bound by the contract to apply its provisions not only to organized labor but also to unorganized workers. Second, the contract deprives both parties of the right to take direct action during the period covered by the contract. Consequently they must not declare a strike, lockout, blockade or boycott, nor resort to any other measure for effecting any change in the conditions agreed upon or for securing an advantageous settlement of any dispute concerning the interpretation or application of the agreement. This obligation to keep the peace also applies to any sympathetic action, except for such action as may be taken in support of a party which is itself legally free to take direct action.

Whenever an organization signs a collective agreement, its various members, employers or employees within the branch covered by the agreement, automatically become bound by that agreement. A member cannot be freed of his obligations under an agreement thus concluded even by formal resignation of membership. If an employee or an employer once bound by a collective agreement should engage in any improper direct action, his organization must exercise all the means at its disposal to prevent the member from persisting in any such action. If the agreement has not been reached by the organization as such, but by the member individually, the organization must not, under any circumstances, do anything to support the member in any possible violation of the agreement.

#### THE SWEDISH LABOR COURT

A further development in 1928 was the establishment of a central state tribunal, the Labor Court. The rules regulating this court are laid down in the act which created it. The Labor Court consists of a chairman and six members. The chairman and two members are appointed by the Crown for a fixed term from among persons not representing the inter-

ests either of the employers or of the employees. The chairman and one of the members must have legal training and experience as judges. The other members shall be persons with special knowledge and experience in the field of industrial relations. Four members, who must have practical and theoretical knowledge of conditions of employment, are appointed by the Crown for two years at a time, two on the recommendation of the Swedish Employers Federation and two on the recommendation of the Confederation of Trade Unions. Of the seven judges, three are thus impartial while two represent management and two labor. In certain cases involving salaried employees' organizations, one of the members recommended by the Confederation of Trade Unions may be replaced by a member recommended by the Central Union of Salaried Employees.

The Labor Court is the only tribunal of its kind in the country. Its decisions taken by majority vote are final and no appeal can be made.

According to the act the following matters are under the jurisdiction of the Labor Court: (1) the validity, contents or interpretation of a collective agreement; (2) whether a particular action is contrary to the collective agreement or the provisions of the act respecting collective agreements; (3) the consequences of an action which is deemed to be contrary to the collective agreement of the aforesaid act.

Further it is stipulated by this act that if a party has violated a collective agreement and the other party files a suit, the Labor Court shall sentence the offender to pay damages or to make good his offense. For example, a sentence would apply to an employer who has failed to pay the wage rates fixed by the agreement, or a worker who has resorted to undue direct action during the term of the agreement. However, an individual worker must not be sentenced to pay damages in excess of 200 kronor (55 dollars). Violation of a collective agreement or of the act respecting collective agreements is not liable to punishment either in the form of imprisonment or fine. As a rule, a case referred to the Labor Court is tried at one session only and the court hands down its decision comparatively quickly. Two-thirds of the decisions thus far made have been unanimous.

#### CONCILIATION AND ARBITRATION

Since 1906 the government has placed conciliators and arbitrators at the disposal of the parties in industrial disputes. The conciliators are appointed for the several conciliation districts into which the country is divided. The duty of the conciliator is to follow the conditions of the labor market in his district, to lend his assistance in the settlement of trade disputes arising therein, and, on request, to assist workers and employers to conclude agreements likely to establish good relations

between them and prevent strikes and lockouts. The primary task of the conciliator is to bring about an agreement in accordance with the proposals made by the parties themselves in the course of the negotiations. If he is unsuccessful, he may urge arbitration with the parties pledging themselves to observe the award, but he cannot compel arbitration, and he must not himself act as an arbitrator. If a dispute arises, the conciliator calls upon the parties to meet for negotiations in his presence and urges the parties to find a settlement without a stoppage of work. Both the employers and the workers are bound to respond to summons of the conciliator, but they are not bound to yield to his urging that they refrain from hostile action. In reality the importance of the recommendations made by conciliators is increasing. The conciliators generally are understood to express a reasonable compromise between the interests of management and labor. With respect to wage disputes of major importance to the country as a whole, it has recently become an established practice for the government to appoint a special mediation commission, usually comprising three members, the object being to give greater authority to the official attempt of conciliation. These specially appointed commissions usually are composed of high ranking civil servants and the regular state conciliator of the district concerned.

Apart from the provisions for conciliation there are no possibilities for intervention by the government; there is no provision in the law to enforce compulsory arbitration.

#### STRIKES AND LOCKOUTS

The right to strike and to lockout is fully retained in all matters not already covered by written agreement, except that an act of 1935 provides that before a stoppage of work takes place seven days notice must be given to the other party and to the district conciliator. This notice must state the reasons for the proposed stoppage. Violations are punished by fines not exceeding 300 kronor (80 dollars).

It is quite evident that the parties in the Swedish labor market are strongly inclined to settle their disputes in a peaceful way. One of the leaders of the Swedish labor movement, now deceased, once said that every open conflict must be regarded as an untoward event for the workers concerned. It is, of course, impossible to avoid an open fight, when the positions of the parties are completely incompatible.

During the five war years of 1939-44 stoppages of work were very limited. The number of working days lost by conflicts varied between 53,000 and 223,000 per year. The considerable increase in the cost of living during the war, however, led to a very hard struggle within the metal trades in 1945; a strike lasted for five months and affected 120,000

workers. During that year not less than 11,300,000 working days were lost. A struggle involving such losses had not occurred in Sweden since 1909 when a general strike brought a loss of 11,800,000 working days.

It ought, however, to be added that even when such serious conflict is going on, the parties do not regard stoppage of work as a revolutionary action but merely as a natural consequence of the inevitable differences of interest between management and labor. An open wage conflict in Sweden ordinarily proceeds without any outward disturbances. This is due not only to the average citizen's respect for prevailing law and order, but also to the fact that enterprises involved in wage conflicts nowadays never carry on their business with the aid of strikebreakers but prefer to close down while the conflict lasts. Even in the course of an open conflict, labor occasionally agrees to perform such work as is necessary to prevent destruction of important installations or plants, provided the performance of such work has no real bearing on the conflict situation.

#### THE VACATION ACT OF 1938

It has already been emphasized that the State in its attitude to the parties in the labor market has been guided by the principle of minimum interference, apart from measures taken with the aim of promoting social welfare. The State does not interfere more than is necessary for the functioning of the community. The economic relations between the parties, therefore, have not been subject to regulations. And both parties have insisted that the State should take this attitude. Thus, minimum wages fixed by the State are unknown in Sweden. Working hours, the 48-hour week, night work and child labor are, as I have previously stated, regulated by law. One regulation has been established affecting a borderline matter. Opinions differed very sharply on this matter, when the regulations came into being. The regulation to which I refer is that of vacations with pay.

Originally, the vacation period was generally limited by the collective agreements to three or four days only but was gradually extended to five or six work days per year. By the act of 1938, amended in 1945, it is prescribed that a wage earner shall be entitled to a vacation with pay of at least one day for each calendar month during which he worked for the same employer up to sixteen days. The wages paid during the vacation period are calculated on the basis of the worker's average earnings. The employer is entitled to schedule the vacation period at whatever time of the year he may find suitable and to include in the vacation days any national or other holidays falling within the vacation period, except for Sundays. In 1945, a special act was passed whereby young workers below the age of eighteen and certain groups of wage earners engaged in

strenuous or unhealthy work are granted a longer vacation than provided for under the general act. As a rule, the vacation period for these groups is eighteen days, but in one case it may even extend to a maximum of thirty-six days.

It should be added that some months ago the Swedish government appointed a special commission to deal with the question of a general extension of the vacation period. It is now likely to be extended to eighteen days, as already has been prescribed in Norway.

#### LEGISLATION AND GOVERNMENT INTERVENTION IN LABOR DISPUTES

As previously stated, the Swedish trade organizations have developed in full freedom, without any major interference through special legislation. Political elements unsympathetic to labor, however, have made several attempts to bring about legislation on various aspects of labor-management relations. This tendency was particularly marked during the years following the General Strike in 1909, in the 1920's and especially in the early 1930's. These attempts to effect legislation were directed at regulating collective agreements and the activities of industrial organizations. Moreover, they aimed at a prohibition of certain types of direct action, especially those likely to endanger essential interests of the community or to lead to inequitable consequences with respect to people outside the parties directly concerned. In this situation the nonsocialistic parties in the Riksdag intensified their efforts to enforce, through legislation, a state control of the activities of the labor market organizations. The only positive result of these efforts was the 1928 acts respecting collective agreements and the Labor Court, previously dealt with. The trade union movement was very much opposed to this legislation. Gradually, however, the principle that disputes concerning the interpretation and application of current collective agreements are not to be made the subject of direct action has gained general recognition on both sides.

Although the right of manual workers to organize has been well established for more than thirty years, there has been no corresponding agreement as to the organization of salaried employees. Controversy on this subject led to the passage, in 1936, of a law defining for the first time the right of association and of collective bargaining. Although the law formally applies to all workers except civil servants, it was intended to protect primarily white-collar workers. The right of collective bargaining is defined to include the obligation of the opposite party to enter into negotiations, to attend joint meetings and, when necessary, to make "proposals supported by reasons for the settlement of the question concerning which negotiations were instituted."



In the 1930's state intervention in the sphere of the labor market organizations was very strongly advocated in the Riksdag. The proposals made demanded a regulation by law of the internal and external activities of industrial organizations by means of special legislation. A further demand was for the prohibition of strikes and lockouts involving essential public services, which would endanger by their size, the national economy. It was urged that certain other activities also be prohibited. After an extensive discussion in the Riksdag, the government appointed, in 1934, a small commission to study the problem. In the report submitted one year later the commission expressed the opinion that before any legislation was enacted the national organizations of employers and workers should try to effect the reforms then being discussed, and to solve a number of important problems on the basis of mutual agreement. About the same time, the Minister of Social Welfare, under whose jurisdiction such matters belong, declared that he, too, had no objection to voluntary agreements between the major labor and employers' organizations.

The parties decided to follow this recommendation. In May 1936 negotiations were opened by a joint board or committee, called the Labor Market Committee. In December 1938 the Confederation of Trade Unions and the Employers Federation were ready to make an agreement—the Basic Agreement—under which the questions above indicated were regulated.

#### THE BASIC AGREEMENT OF 1938

The agreement contains rather detailed rules for the limitation of hostilities. For example, it lays down prohibitions against hostilities involving persecution of any person on religious, political or similar grounds. It also prohibits certain activities against small-scale enterprises, carried on with the aid of members of an owner's family. It further includes provisions to afford some protection to third parties in labor disputes. Direct action against a third party is understood to be any offensive measure directed against anyone who is not a party to the dispute.

As regards labor disputes which would seriously disturb the social order, it is made incumbent on the Employers Federation and the Confederation of Trade Unions jointly to take into prompt consideration any dispute where protection of public interests is demanded by either party, by a public authority, or by any other comparable body.

A most interesting feature of the Basic Agreement is the regulation of questions relating to security of tenure. Among the workers there was a general opinion that the right of employers to dismiss an employee after a very short notice involved perpetual insecurity for the workers. They demanded certain guarantees that dismissals and temporary discharges

should be made solely on objective grounds. On the employers' side it was pointed out that in the interest of production, it was essential that they should have a free hand to select their personnel, but at the same time they desired, while upholding this liberty, to give the greatest possible consideration to the workers' demand for security. As a result of these deliberations, there was created a procedure obligating the employer to give two weeks' notice, to the representative of the labor organization at the establishment, of intention to dismiss or temporarily discharge a worker who has been in his service for at least nine months. The representative is then entitled to demand consultation regarding the contemplated action. After this consultation, the employer is free to decide. If, however, the workers contend that the action taken has not been fair, they are entitled to refer the question to the Labor Market Board, on which the Employers Federation and the Confederation of Trade Unions are equally represented, each having three members. After a thorough examination of the case referred to it, this body endeavors to form a correct and unbiased view of all the circumstances having influenced the decision complained of. The board, on the one hand, considers the expediency of the action from the viewpoint of production and, on the other hand, the interests of the workers in regard to security of tenure. It tries to come to a unanimous judgment on the matters submitted to it, and to devise means for adjusting the differences between the parties. This procedure has been deemed to work well in practice. In the factories and workshops, efforts have been made to act in the spirit of the agreement and very few cases have been referred to the board. In these cases the parties have almost always managed to settle their differences. The decisions of the board are formally not binding upon either party, but they have by moral force had the same effect as binding decisions.

The Basic Agreement, like the other agreements concluded after voluntary deliberations, was not immediately binding on the members of the two national top organizations. The intention was that it should be approved by the organizations industry by industry, thus binding the individual employers and workers. The Basic Agreement has now been approved in most of the industries where the Employers Federation and the Confederation of Trade Unions are both represented.

In 1947 the Basic Agreement was amended by the addition of certain provisions concerning reemployment after dismissal or layoff. If a worker has been discharged or laid off because of shortage of work after having been employed for at least nine months, and if employment or reemployment of labor of the same kind is considered within four months after dismissal, the employer, before taking any such measure, must notify the

local representative of the labor organization concerned, indicating the workers considered for employment or reemployment. Such notice must be given at least one week in advance. Whenever requested by either side, joint deliberation can immediately be set up for discussion of the contemplated action. Any disputes in cases of this kind are referred to the Labor Market Board.

#### AGREEMENT ON INDUSTRIAL SAFETY

In 1942 the national top organizations were prepared to conclude an agreement concerning protection of workers in factories and workshops. The statistics of accidents had become alarming. It had been agreed on both sides that it would be of value to intensify coöperation in respect to safety protection. The Labor Market Committee recommended an agreement, which on April 28, 1942 was finally approved by both organizations.

The agreement on the subject provides for the voluntary appointment of representatives for the protection of workers. Such representatives must be appointed in establishments where at least ten workers are employed. These representatives are to be nominated by the workers in accordance with certain rules. They are to receive reports regarding defective arrangements for protection and, as deputies of the workers, devote special attention to questions relating to safety and sanitary conditions in the establishment. In large establishments, safety committees are to be set up to promote health and safety, and to submit proposals to the employer on such matters.

Agreements in accordance with this main agreement have been adopted in the course of the past years in most of the branches where the Employers Federation and the Confederation of Trade Unions are both represented, and have been brought into application in other branches too. It is estimated that more than 600,000 workers are covered by these agreements.

A special organization to handle matters relating to the protection of workers has been established. This is the Labor Safety Board.

In May 1944 a similar general agreement was concluded for the promotion of vocational training on the basis of coöperation between workers and employers.

#### WORKS COUNCILS

The most important matter dealt with by coöperation between the Employers Federation and the Confederation of Trade Unions, apart from the Basic Agreement, is no doubt the 1946 agreement relating to Works Councils. The Central Organization of Salaried Employees is also included as a party to this agreement. The real purpose of this

agreement is to create, in the various establishments, a local equivalent to the Labor Market Committee as an organ of contact between management and workers. In this way the organizations have tried to solve the problem of industrial democracy.

In accordance with the agreement a Works Council is established in companies or firms regularly employing at least twenty-five workers, if a request to that effect is made by the employer or the local workers' organization concerned. The Works Council is an organ for information and consultation and thus without power of decision. The function of the council is to maintain continuous coöperation between the employer and the employees to promote maximum efficiency in production; to keep the employees informed in regard to the economic and technical conditions of the business as well as to its results; to promote the security of tenure of the employees as well as safety, hygienic conditions and amenities in the work; to encourage occupational training; and, in other respects, to promote satisfactory conditions of production and work. In enterprises employing less than twenty-five but more than four workers, so-called "works" representatives may be appointed by the workers.

The functions of the Works Council are precisely defined and enlarged upon in the special clauses of the agreement. Thus, it is made incumbent on the employer to give the council some account of the financial conditions of the business. He must supply regular information regarding economic conditions affecting production and the marketing of the product. The employer is under an obligation to let the council examine the balance sheet, profit-and-loss account and, in certain cases, the directors' report and auditor's report, if the publication of those documents is legally compulsory. It is also provided that the representatives of the workers and salaried employees shall be entitled to submit to the employer proposals on economic questions relating to the business.

The chairman of the council shall, as a rule, be the employer himself or some member appointed by him. If, however, the employer should refrain from taking the chair himself, the other members shall be entitled to nominate a chairman from among their own number. Depending upon the size of the enterprise, the workers may choose three to seven representatives. The same number may be appointed by the employer, while the salaried employees are entitled to send two or three representatives.

Ordinary meetings of the Works Council are held once every three months. In the event of a contemplated shutdown involving a major reduction of the work of the enterprise, the Works Council meets for joint deliberations at the earliest possible date prior to any such action being taken.

It should be stressed that this new institution of industrial management in Sweden has equivalents abroad. Thus, functions largely corresponding to those of the Swedish Works Councils are exercised by the production committees which were established in many British industrial enterprises during World War II and still exist.

The review given of the measures taken by the Swedish state authorities to regulate the relationship of the parties in the labor market has aimed at demonstrating that such measures have been taken to a very limited extent. This development is primarily caused by the powerful position attained by the top organizations, both absolutely and comparatively, and by favorable results of existing policies. These organizations have persistently demonstrated a clear wish to effect, by voluntary agreements, those reforms which have been deemed to be necessary. This being their view, the state authorities have not thought it wise to interfere. It is generally agreed that the associational self-management of labor affairs constitutes a valuable form of Swedish self-government which must be considered an essential feature in our democracy.

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# France

By HENRY HAUCK\*

FIRST of all, we must try to understand the background of industrial relations in France. The traditions developed in France afford an interesting contrast with those developed in the Anglo-Saxon countries. In the latter, people like to have as little interference as possible by government in labor-management relations and they like decentralized patterns of control, both private and public. In France, we like to have things put down on paper. We are a nation of peasants and lawyers. Accordingly, our practices in industrial relations tend to be legalistic and centralized, with private agreements subject to ratification by government.

For example, joint production committees are, in the United Kingdom, as in Canada and the United States during the war, a voluntary creation of private parties, whereas in France the Works Committees are imposed by law. Why was this legal compulsion necessary? In France, up to 1936, and chiefly because of the attitude of the employers, collective agreements were very few. It was only in 1936, which is a very important date in the history of industrial relations in France, that collective agreements developed on a large scale, that the unions were recognized by the employers, and that the full strength of a mass trade union movement was brought to bear on the economic life of the country.

All this was established by legislation, under the pressure of the trade unions. During and after the war it was felt necessary to regulate wages. In a planned economy, it was argued, you cannot have full freedom of bargaining, and if the State is to control prices, it must also control wages. Nevertheless, at the end of 1946, a bill provided for negotiations of some twenty collective agreements in the main industries. Up to now, however, no new collective agreement has been agreed upon.

## LABOR MANAGEMENT COMMITTEES

Works Committees were instituted after the last war because it was widely felt that workers were entitled to democracy in their work places as well as in government.

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The Works Committees have very broad consultative powers concerning the economic and financial management of the plants involved and broad executive powers concerning welfare distributions. In many cases, they have given very satisfactory results.

It has been claimed that the workers were insufficiently prepared for the grant of power made through these committees. But people are never completely prepared for any social change. If we waited for 100 percent preparation we would never have any reform.

Under the Fourth Republic, our system of social security has been developed in the same way, and it is on a par with the best in the world. It is a system directed and controlled by the elected representatives of the workers.

The new French constitution provides for a National Economic Council on which sit representatives of the major economic groups in the nation: labor, management, agriculture, the professions, the coöperative movement, etc. This council has an important part in determining national economic and financial policy.

#### THE SPLIT IN THE FRENCH LABOR MOVEMENT

Unfortunately this coöperation between the workers, the employers and the public authorities has been weakened recently by the split which took place last December in the trade union movement. Last November the major national organization, the General Confederation of Labor (CGT), which was dominated by Communists, decided in favor of a series of strikes which were motivated by political rather than economic considerations. The reason for striking given by the union leaders was that wages were out of line with living costs and must be adjusted. Everyone agreed that the workers were entirely justified in wanting their wages raised. Nevertheless, the strike failed. Why was this so? Because the workers felt that the professed motive of their leaders was not the real one, because they understood that the problem was to increase the buying power of their wages rather than their nominal wages, and because they suspected their Communist leaders of having political afterthoughts.

As a consequence of these strikes, the labor movement in France split. A new national group was formed called *Force Ouvrière*, led by Leon Jouhaux, previously Secretary of the CGT. Jouhaux is the French labor delegate to the International Labor Conference.

From the point of view of government, this development has raised important new problems. Official selection of the "most representative organizations" is necessary under various French laws concerning collective bargaining, works councils and other sanctioned labor activities.



The task of deciding, in particular cases, which are the most representative organizations is now considerably complicated.

**SUMMARY**

In summary, it may be said that the three outstanding characteristics of labor's legal status in France today and of the industrial relations situation are as follows: (1) The broad outlines of industrial relations are determined by legislation. (2) The main patterns and major decisions in industrial relations are standardized nationally and centrally regulated. (3) The government is placing more and more reliance on consultation with organized labor and organized management in making decisions on general economic problems.

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# India

By S. LALL\*

PROPER understanding of industrial relations in India requires some knowledge of the economic, social and political background. To provide this basic information in a short introduction is a difficult task, but it has to be attempted because conditions in the West and in India are so entirely different that unless this background is constantly borne in mind, the picture of industrial relations will not appear in its correct perspective.

The outstanding feature of Indian economy is the preponderance of agriculture. Nearly nine-tenths of the people live in villages where conditions are still primitive. Agriculture is the occupation of three-quarters of the population. Having regard to the area, population, and extent of available raw materials, India is still poorly industrialized. In the course of a century, its population has increased from 100,000,000 to almost 400,000,000. As a result, the food supply is now deplorably short. The gap between production and consumption is daily widening, although the rate of consumption is less than 12 oz. of grain per head per day, and in some places as low as 8 oz. Before the war India was importing 1,000,000 tons of food grain a year. Now she requires well over 2,000,000 tons. The remedy does not lie in the extension of cultivation, because comparatively little cultivable land is left. The imperative need is improved agriculture, which will increase the yield per acre. But whatever may be the improvements in agriculture, it is certain that it cannot provide adequate employment for the entire rural population. Here then are the two main weaknesses of the Indian economy: lack of food and underemployment. Abundant manpower is now India's greatest liability. If by any means this manpower could be utilized fully on productive work, the liability could become an invaluable asset.

## INDIA'S CHANGING ECONOMY

Not very long ago, the West spoke of the "unchanging East." I wonder if it is appreciated what far-reaching changes are now taking place in

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India. The changes are economic, social and political. In the seventeenth and eighteenth centuries, India's surplus agricultural population was engaged in flourishing cottage industries, the products of which were exported to Europe, the Middle East, Central Asia and Africa. The Industrial Revolution of the nineteenth century which spread to India from the West shattered the solidarity of Indian economic life. Our cottage industries languished and gave way to large-scale capitalist enterprise. Manufactured goods started pouring into the country. From that time to this day the problem of India has been to find some outlet for her teeming and steadily increasing population.

At first an outlet was found by emigration overseas, mostly to British colonies, under what is known as the system of indentured labor. Later modern industrial enterprise began to develop in India. The plantations were the first form of such enterprise. Gradually modern industries began to establish themselves, notably jute and cotton textiles. Slowly but surely the old order was giving way to the new. But in India, the change, however revolutionary or necessary, was never complete. The old continues to survive alongside the new, whatever may be the handicap in the struggle for existence. As a symbolic illustration, the primitive bullock cart is still in evidence, side-by-side with the railway, the motor car, and a network of airlines fast multiplying after the war.

In the social plane, the changes are no less striking though less apparent. The revolution is in the ideas and thoughts of the common people. Old and worn-out institutions are beginning to lose their hold on the masses. Caste, the seclusion of women, the joint family system, and untouchability are still there, but they are rotting from the inside. The old anchors are being swept away, and great changes are taking place in the attitude and outlook of the people. What was unthinkable twenty or even ten years ago is now regarded as normal.

The impact of the political changes is perhaps the most striking. In the reign of Akbar the Great, corresponding roughly to the age of Queen Elizabeth in England, India was strong, united and progressive. In the course of two centuries, owing to internal division, the country was in such a helpless state as to be an easy prey to conquest. Then followed over a century of foreign rule, during which there was peace, but also a sharp awakening of political consciousness, leading to prolonged agitation and finally to freedom. But with freedom came the partition of the country into India and Pakistan. This division was a direct reversal of the greatest achievement of British rule in India, but it was regarded as inevitable. Unfortunately, it was accompanied by an outburst of communalism of the worst kind in both dominions, the like of which was never witnessed before. Prolonged political propaganda and the large-

scale displacement of population following partition have undoubtedly had an unsettling effect on industrial relations.

As I have indicated, the development of large-scale industries in India is comparatively recent. It started about the middle of the nineteenth century, but it was not until the first quarter of the present century that the development could be said to be striking. Both world wars provided a strong stimulus. In 1901 the total number employed in factories was only 57,000. This figure rose to a little over 1,000,000 in 1921 and is now a little over 2,500,000. In the plantations the total number employed is just over 1,000,000, while on the railways it is just under that. The mines account for some 350,000 workers. Quite a large number are engaged in road transport, but accurate statistics are not available. Allowing 1,500,000 for road transport and for small industrial establishments not coming within the scope of the Factories Act, we arrive at a grand total of 5,350,000 employed in factories, inland transport (including railways, motor, tram, and steamship services), mines and plantations. But what is 5,350,000 in a country with a population of 300,000,000? It is estimated that out of every 100 workers in India, only about 10 come under the category of industrial workers.

Industrialization involves a drift of population from rural areas to industrial centers; but in view of the comparative smallness of the industrial population in India, this drift has not been so great nor as rapid as in the West. Nevertheless it has created problems of city life and slums in most industrial centers, particularly Bombay, Calcutta and Kanpur where heavy concentration of labor from rural areas has brought into being some of the very worst features of modern industrialism. The pace of our industrial progress has quickened in recent years. Unless by dispersal or improved housing facilities we can do something to secure better living conditions, the horrors of overcrowding and insanitary living must continue for many years. To deal with this problem the Government of India is planning for the construction of a million workers' dwellings in the next ten years. This is a formidable target, but even when it is accomplished, much will remain to be done.

#### DEVELOPMENT OF TRADE UNIONISM

I will now turn to the growth of trade unionism in India. The first experiments were in the nature of social service associations rather than labor organizations. With an illiterate labor force, the initiative had to come from outside. It was after World War I that any real development toward labor organizations, as understood in the West, took place. In 1920 the Textile Labor Association in Ahmedabad was formed, which became a model for others. In the same year the Indian Trade Union

Congress came into being. There can be no doubt that the main impetus came from the International Labor Organization set up by the Treaty of Versailles after World War I. As an original member, India was required to nominate workers' delegates and advisers to the annual sessions of the International Labor Conference in consultation with the most representative organization of workers in the country. Labor organizations vied with each other to strengthen their membership and secure recognition as the most representative organization.

An important landmark in the trade union movement was the passing of the Indian Trade Unions Act in 1926. This gave trade unions a legal status and provided immunity from civil and criminal liability in respect to strikes. With the passing of this act, the steady growth of trade unionism was assured, but in early years, progress was slow, due to the prevailing illiteracy of the workers and the reluctance on the part of employers to recognize trade unions. To overcome the latter obstacle, the act was amended recently to provide for compulsory recognition in certain circumstances.

In 1927-28 the total membership of registered trade unions was just over 100,000. But since then the increase in membership has been rapid. In the course of the next ten years, just before World War II, the total membership rose to over 500,000, while in 1945-46 it was nearly 900,000. These figures indicate that the trade union movement is moving from strength to strength. But its progress has also been marred by internal weakness. In the first place, there is not even a beginning in the organization of agricultural labor. Trade unionism is strongest among employees of the Posts and Telegraphs Department and the railways, both of which are state-owned and state-managed. It is also fairly strong in the textile industry, the printing shops, and in the iron and steel industry. Recently there has been a noticeable progress in the organization of colliery workers, but the trade unions here have yet to establish themselves on a sound footing.

By far the greatest weakness in the trade union movement is internal dissension and trade union rivalry. In 1929 the Indian Trade Union Congress was split into two, due to the serious differences of opinion among its so-called "left-wing" and "right-wing" groups. This split lasted six years, and resulted in a considerable weakening of organized labor and its power of collective bargaining. In 1938 the two central organizations of labor reunited under the All-India Trade Union Congress. The attitude of this organization toward the war caused a fresh split which brought into being another central organization known as the Indian Federation of Labor. As there was some doubt as to which of the two was the more representative organization of workers, the Government of

India decided that they should nominate representatives to the International Labor Conference in alternate years. This continued for two years, after which, as a result of an inquiry, it was decided that the All-India Trade Union Congress was the more representative organization. The Indian Federation of Labor lost ground, but did not drop out. In the meantime two new central organizations of labor came into being: the All-India National Trade Union Congress organized by the leaders of the Indian National Congress, and the Organization of the Socialist Party which had seceded from the congress. The formation of rival labor organizations is due to political differences outside the purely labor sphere, and to the clash of foreign ideologies.

#### STRIKE EXPERIENCE IN INDIA

The earliest record of serious strikes in India was in 1905, when in Bombay the workers protested against the longer hours of work which were made possible by the introduction of electricity. But it was not until World War I, during the years 1914-1918, that the strike came to be regarded as an ordinary weapon of industrial warfare. The economic upheaval and the general feeling of unrest created by the war, the increase in the cost of living due to rise in prices, and the spread of class consciousness, were responsible for a series of strikes beginning in 1917. The situation became particularly acute in 1919-20, when a great strike occurred in Bombay, involving some 150,000 cotton-mill hands.

The strike fever after World War I began to subside in 1921 with the gradual restoration of normal conditions and a fall in the cost of living, but in 1928, with the approaching depression, there was a serious recrudescence of industrial unrest. Several big strikes occurred all over the country, including the iron and steel works in Janishedpur, the textile industry in Bombay, and several railways. The extent of industrial unrest will be seen from the statistics. In 1921 there were no less than 396 disputes involving a loss of 4,000,000 man-days. In 1928, with only 203 disputes, the man-days lost were over 31,500,000, which is the record figure for India. In 1938, before World War II, the man-days lost were just over 9,000,000. During the war years the highest figure was 5,750,000 in 1942, which was due mainly to political disturbances and the rising cost of living. In 1945 the loss of man-days was about 7,000,000. The termination of hostilities, however, was followed by another outburst of industrial strife, which was largely due to the general feeling of insecurity and the dread of retrenchment that might follow the cessation of war activities. In 1946 there were no less than 1,629 strikes or lockouts, involving a loss of over 12,500,000 man-days. In 1947 the figures were 1,811 and 16,500,000, respectively. In view of the postwar economic situ-

ation, the continuing shortage of food, and the imperative need for increased production, the situation caused grave concern to the central and provincial governments.

#### LEGISLATION ON INDUSTRIAL RELATIONS

In the early years, the government adopted an attitude of *laissez-faire* in industrial disputes, leaving it to the parties concerned to settle their differences in their own way and to their best advantage. The seriousness of industrial disputes and the grave consequences which they may have on the general community were forcibly brought home to the government in 1928. A Trade Disputes Act along the lines of the 1927 English statute was passed in 1929. It provided for the establishment of Courts of Inquiry and Boards of Conciliation to investigate or settle disputes. In order to check sudden strikes or lockouts in public utility services, the act made it an offense to declare a strike or lockout in those services without fourteen days' notice. Further, a strike or lockout which had any object other than the furtherance of a trade dispute within the trade or industry concerned, or which was designed or calculated to inflict severe, general and prolonged hardship upon the community, was declared illegal.

The working of this act revealed certain inherent defects. In the first place it provided only for *ad hoc* machinery for settling disputes. It dealt with individual disputes after they had reached the stage of a strike or lockout, but did not provide any preventive action. Secondly, from the workers' point of view the administration of the act was unsatisfactory as the natural tendency for government was to intervene only when strikes threatened to become serious. This placed the workers at a disadvantage. When they were weak, they received no assistance; but when they were strong the State intervened. Further, in the case of public utilities, they were not allowed to take action without giving fourteen days' notice, but there was no corresponding obligation on government to redress legitimate grievances.

The necessity for maintaining industrial peace during the war and the inadequacy of the provisions of the above act led to the promulgation in 1942 of Rule 81-A under the Defense of India Rules. Under this rule the Government of India could refer any dispute to adjudication and enforce the award. In India, as in other countries engaged in total warfare, arbitration in industrial disputes became a necessity. It was a restriction of the right to strike, but it was of great help to the workers in ensuring speedy redress of legitimate grievances. The rule, however, was a temporary wartime measure. With the recrudescence of industrial disputes after the termination of the war, government felt it necessary to



replace it by permanent legislation. The result was the Industrial Disputes Act, 1947.

This act embodies certain essential principles of Rule 81-A of the Defense of India Rules, and also most of the provisions of the Trade Disputes Act of 1929. It authorizes the setting up of machinery for the twofold purpose of prevention and settlement of disputes. It empowers government to require industrial establishments employing more than one hundred persons to set up Works Committees composed of an equal number of representatives of employers and workers. The functions of these committees are to promote measures for securing and preserving amity and good relations between employers and workmen and to that end to comment upon matters of common interest or concern and to endeavor to compose any material differences in respect to such matters. The Works Committees form the preventive part of the industrial relations machinery. The other part which relates to handling disputes when they actually arise, consists of Conciliation Officers appointed for special areas or for specific disputes, Boards of Conciliation, Courts of Inquiry and Industrial Tribunals.

An important feature of the act lies in the distinction it draws between ordinary industrial establishments and public utility services. In the event of disputes arising in the former, government may intervene if it considers it necessary and expedient in the public interest to do so. In the case of public utility services, however, government is under an obligation to intervene and to set up machinery according to the needs of the situation. Another important feature of the act is the prohibition of strikes and lockouts during the pendency of settlement proceedings.

According to the Indian constitution, industrial relations come within the concurrent list. That is to say, both the central government and the provinces can pass legislation. Some provinces have found it necessary to pass supplementary legislation. The Bombay Industrial Disputes Act of 1938 made illegal all strikes and lockouts without notice and without utilizing the machinery provided under the act for conciliation and arbitration. It further stipulated that employers should in the event of a dispute deal with representatives of trade unions. The provincial government was also authorized to appoint a Labor Officer for safeguarding the interests of workers and for appearing on their behalf in a dispute when the workers themselves were unable to elect their own representatives. The act finally provided for an elaborate machinery including an Industrial Court for the settlement of disputes by conciliation or voluntary arbitration. This act has now been replaced by the Bombay Industrial Relations Act of 1947. The new act provides for the establishment of Labor Courts invested with the power to decide cases regarding illegal

strikes and lockouts. The powers of government to enforce arbitration have been strengthened, and a time limit imposed for conciliation proceedings. The act further gives certain rights to registered and approved unions in regard to negotiations with employers.

Another important Provincial Act is the United Provinces Industrial Disputes Act, 1947. This makes provision for prohibiting strikes or lockouts; for requiring employers, workmen, or both, to observe specified terms and conditions of employment; for the appointment of industrial courts and for the reference of disputes for conciliation and adjudication. The Bombay and the United Provinces Acts are not in any way at variance with the Central Act, but provide for wider powers or contain more detailed provisions to meet the special needs of these provinces.

This is a brief description of the legislation dealing with industrial disputes. The conciliation and arbitration machinery set up under the terms of the legislation has helped workers to secure substantial and, in some cases, unprecedented benefits. A few instances by way of illustration may be mentioned. The award in the dispute between the Cawnpore Electric Supply Corporation and its employees emphasized the principle of labor copartnership in industry and secured to the workers a share of the surplus profits of the concern. The Madras Industrial Tribunal and Bombay Industrial Court enforced a minimum basic wage for all occupations in the textile mills. The award in the Bombay Electric Supply and Transport Corporation dispute secured for the workers a very substantial increase in wages and concessions with regard to bonuses and gratuities. The benefits of adjudication have not been confined to industrial workers. White-collar workers have also benefited, particularly bank employees. In the collieries, where conditions of employment have all along been unsatisfactory, the award of the Board of Conciliation has brought about surprising changes. Wages and cost-of-living allowances have been raised very substantially. A bonus scheme and a Provident Fund scheme, the first of its kind in India for industrial workers, have also been introduced. The chronic difficulty experienced in the past in the recruitment of labor for the collieries has now disappeared and the supply is greater than the demand.

#### USE OF TRIPARTITE BODIES

Apart from legislation dealing with trade disputes government has made use of the tripartite principle of the ILO to secure a better understanding between employers and employees. In 1942 the Indian Labor Conference and the Standing Labor Committee were set up to discuss labor questions and all proposals for labor legislation. Both these bodies consist of representatives of government (central, provincial and Indian

states), employers and workers. In addition, the Government of India has set up Industrial Committees on the tripartite principle to deal with the special problems of particular industries such as coal, plantations, textiles, leather and tanning. In the case of plantations, the Industrial Committee in two sessions has a remarkable achievement to its credit. Wage increases were agreed upon and accepted by both sides. Standards of housing and medical services were also accepted. The lines on which legislation should be undertaken for regulating the conditions of employment in the plantations were agreed upon. As a result, it is hoped that without bitterness or conflict, considerable improvement will be effected in the standards of living of plantation workers.

The discussions in the Labor Conference, the Standing Labor Committee and the Industrial Committees have been found to be most helpful in securing a better understanding of conflicting points of view. Nevertheless in spite of all these efforts the threat of industrial strife to the economy of the country is still there. Production has been falling and discontent among industrial workers is acute. Have all the experiments with trade dispute legislation and with tripartite labor conferences and committees been a failure? I do not for a moment believe that anyone in India would hold such a view.

#### CRUCIAL PROBLEMS OF ECONOMIC POLICY

The fact of the matter is, as indicated in introductory remarks, India is struggling against tremendous odds to overcome difficulties that appear almost insuperable. No national government anywhere has had such a gigantic task imposed upon it so soon after assuming the reins of office. Even if these problems can be resolved moderately well it will be a great achievement. At the moment, the main problem confronting the government, in its immediate objective to promote a rapid rise in the standard of living of the people, is to secure an increase in the national wealth. A mere redistribution of existing wealth would make no essential difference to the people and would merely mean the distribution of poverty. National policy therefore demands a continuous increase in production side-by-side with measures to secure its equitable distribution. Accordingly the Prime Minister made a special appeal to all parties to maintain an industrial truce during the next three years. At the Industries Conference which was convened in December, 1947, a resolution on the subject was passed unanimously. The following quotation is of interest: "The system of remuneration to capital as well as labor must be so devised that, while in the interests of the consumers and the primary producers, excessive profits should be prevented by suitable methods of taxation and otherwise, both will share the product of their common

effort, making provision for payment of fair wages to labor, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking."

The government has accepted this resolution and machinery for its implementation is now being set up. The machinery will function at different levels. At the center there will be a Central Advisory Council which will cover the entire field of industry and will have under it committees for each major industry. These committees may be split up into special committees dealing with specific questions relating to the industry, such as production, industrial relations, wage determination and distribution of profits. The regional machinery under the provincial government will be the Provincial Advisory Boards which like the Central Advisory Council will cover the entire field of industry within the province. They will have under them Provincial Committees for each major industry. The Provincial Committees may also be split up into various subcommittees dealing with specific questions. Below the Provincial Committees will be the Works Committees and the Production Committees attached to each major industrial establishment. The Works Committees and the Production Committees will be bipartite in character, consisting of representatives of employers and workers in equal numbers. All other committees will be tripartite, with representatives of government, employers and workers. This in brief is a rough indication of the lines on which we propose to proceed. The details are now being worked out.

To many it may appear that in India the government is meddling too much and too frequently in relations between labor and management. But there is no option. To do nothing would be certain disaster. No popular government could allow production to fall and poverty to increase. The government is, however, trying to interfere as little as possible. As already indicated, it intervenes only when it considers it necessary in the public interest to do so. Indian conditions are such that intervention in the public interest is necessary more often than in Western countries. The war is over but not the state of emergency which followed the war. The acute problems resulting from the shortage of food, price inflation and fall in production must be attacked boldly. Whether we shall succeed it is impossible for anyone to foretell but it seems certain that history will record of the Indian nation that during a period of great trial it embarked boldly on a great experiment.

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# United Kingdom

By SIR GUILDHAUME MYRDDIN-EVANS\*

THERE is no more important question to which our leaders, national and international, could address themselves at this time than the question: What is going to be the relationship between government, employers and workers in the next decade? Upon the answer of that question depends a very great deal, certainly for the prosperity and happiness and possibly even for the peace of mankind.

## THE WHITLEY COMMITTEE

We will not delve very far back into the past, but will go back to the year 1916 when the government set up a committee under the chairmanship of the then Speaker of the House of Commons, Mr. J. H. Whitley, to consider the question of relations between labor and management. That committee came to be called the Whitley Committee and has given its name to a form of industrial organization, namely, Whitley Councils. It is mentioned because the deliberations and recommendations of that committee have a permanent place in the history of industrial relations in Great Britain.

In the first place the committee stated it as its considered opinion that "an essential condition of securing a permanent improvement in the relations between employers and employed is that there should be organization on the part of both."

Then the committee went on to recommend "the establishment for each industry of an organization, representative of employers and workpeople, to have as its object the regular consideration of matters affecting the progress and well-being of the trade from the point of view of all those engaged in it, so far as this is consistent with the general interest of the community."

Secondly, the committee stated, ". . . a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis. What is wanted is that the workpeople should have a greater opportunity of participating in the discussion

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about and adjustment of those parts of industry by which they are most affected. . . . We venture to hope that representative men in each industry, with pride in their calling and care for its place as a contributor to the national well-being, will come together in the manner here suggested, and apply themselves to promoting industrial harmony and efficiency and removing the obstacles that have hitherto stood in the way."

Thirdly, the committee laid down as an overriding consideration "the advisability of a continuance, as far as possible, of the present system whereby industries make their own agreements and settle their differences themselves."

In these extracts from reports of the committee can be discerned three principles which can be restated quite briefly: first, adequate organization on the part of both employers and of workers; second, the establishment of joint machinery of employers and workers for the purpose of negotiating wages and other conditions of employment and of discussing other matters of common concern, thus leading to a real partnership between employers and workers; and third, the minimum of direct state intervention in the affairs of employers and workers.

These three principles have guided government attitude and action in Great Britain, in regard to the relations between workers and employers, and still do so. Although the one relating to nonintervention is perhaps an oversimplification of what British governments have done and still do, they can be regarded as guiding principles which have stood the test of the past thirty years' experience.

It would not be possible in a short time to traverse even briefly the whole field of labor-management relations in the United Kingdom. Many books, some learned and some not so learned, have been written about this subject, and no doubt many more books will be written, and the inquiring student can study those books if he wishes to inform himself more about the subject. Here the subject will be confined as far as possible to that part of the field where government action impinges upon the relationships between workers and employers, although it may be necessary here and there to make an excursion to the wider field when that becomes necessary for a proper understanding of the more limited one with which we are concerned.

#### TRADITION OF INDUSTRIAL SELF-GOVERNMENT

If one were to ask any student of industrial relations in the United Kingdom what is the principal feature of the government attitude in labor-management relations, the student would undoubtedly say that it is a tradition of government policy in this field dating from long before

the reports of the Whitley Committee, but intensified since those reports, to encourage the development of organizations of employers and workers which would settle their own differences and in general not to intervene directly in the argument and certainly not with compulsory solutions. That answer would be broadly correct, but it is subject to some very important qualifications.

If one looks into the matter further he will find that, as traditions go in the United Kingdom, that particular tradition is not of very long standing, certainly not as much as a hundred years; while as regards the principle of government nonintervention in the affairs of employers and workers it would probably come as a surprise to the inquirer to find that in the sixteenth century in Great Britain the State had regulated wages and conditions of labor. Even earlier there were acts of Parliament providing for the fixation of wages by justices of the peace.

Moreover, if the question is considered in its wider aspects, the State has not hesitated to pass legislation affecting the safety, health and welfare of the workers as embodied in the provisions of Factories Acts, nor to legislate for the protection of the wages of the worker as, for example, in the Truck Acts, one of the main provisions of which is to prevent the worker from being compelled to spend part of his wages in stores owned and kept by the employer.

In more recent years a considerable body of legislation has been passed providing for the regulation of wages and other conditions of employment in specific industries or in specific classes of industries.

But when all qualifications have been made, it remains true that the broad principle which has guided the State in its dealings with employers and workers has been to encourage both sides of industry to organize so that they can settle their own affairs and their own differences by voluntary methods.

As a result partly of this policy of government and partly because of the desire of all sections of the British people always to settle their own affairs without state interference over the larger part of the whole field of industry, management and labor do in fact settle their affairs by the system of collective bargaining. It is only in a much smaller part of the field that wages and other conditions of employment are regulated by statutory machinery.

When we say that the guiding principle is one of state nonintervention in the affairs of management and labor, we do not mean that the State stands idly on one side and always allows things to take their course. Far from it. There is much which the State can do, short of direct intervention, in the way of encouragement to organize, which has already been mentioned, or to establish joint machinery and in the way of providing



machinery of conciliation and arbitration to assist them to arrive at an acceptable solution of their difficulties.

#### THE CONCILIATION SERVICE

First of all, there is the Conciliation Service provided under the Ministry of Labor by authority of acts of Parliament. This has as its head the Chief Industrial Advisor, who is an officer of the Ministry of Labor. He has under him at headquarters an expert staff, and in the regions there is an industrial relations staff, each under a Regional Industrial Relations Officer. This staff is available to give advice and assistance to either side of industry on matters affecting the problems of the two sides.

In carrying out their duties the conciliation staff keep constantly in mind that it is the aim of government to encourage industry to settle its own affairs and their actions are based on this principle.

Where no voluntary machinery exists for the settlement of differences in an industry, the conciliation officers take every opportunity of encouraging the establishment or the development of such machinery. Where such machinery already exists, their efforts are devoted to making certain that full use of it is made and that, in fact, the effectiveness of that machinery is exhausted before resorting to other measures.

By patience and by strict impartiality, and by friendliness, the Conciliation Service of the Ministry of Labor has built up such a fund of good will throughout industry that staff members are kept in constant touch with developments in industry. They are consulted at the earliest stages of disputes or threatened disputes, and they are thus frequently enabled to assist in arriving at settlement without a stoppage of work or, if a stoppage has occurred, they are able to secure that its duration be as short as possible.

#### ARBITRATION AND INVESTIGATION PROCEDURES

Of course it does frequently happen that the established machinery for dealing with disputes does not work successfully and the parties fail to reach agreement even with the help of the conciliation service. At that stage the additional assistance provided by the State under the authority of two acts of Parliament—the Conciliation Act, 1896, and the Industrial Courts Act, 1919—comes into play. I expect that most of you are familiar with those acts and so I do not propose to describe them in detail. The additional assistance which I have mentioned comes broadly under two heads: (1) arbitration, and (2) investigation or formal inquiry.

There are two points of special importance to be noted in connection with the procedure relating to arbitration. In the first place, the consent of both parties is required. There is no power to compel an unwilling

party to go to arbitration; and, in the second place, all the normal machinery provided by the industry itself for conciliation or arbitration must have been tried and have failed before resort can be had to arbitration under the statutes. Provided that these two conditions are fulfilled, the Minister of Labor refers a dispute to the arbitration of either the Industrial Court, or one or more persons appointed by the Minister, or an *ad hoc* Board of Arbitration.

Here again it is not proposed to describe in detail the composition and procedure of those bodies. It is sufficient to mention one or two points. The Industrial Court is a permanent and independent statutory tribunal established under the Act of 1919 which bears its name and to which any dispute in which the necessary conditions are fulfilled can be referred. The other bodies mentioned are set up for the purpose of arbitrating on a particular dispute. Their findings are not binding on any of the cases, but in practice the parties having agreed to arbitrate, generally abide by the award.

The other and extremely important form of assistance to which reference has been made is investigation or formal inquiry. The Minister of Labor has power to inquire into the causes and circumstances of any dispute, whether reported to him or not, and to appoint a Court of Inquiry for this purpose. The primary object of a Court of Inquiry is to inform Parliament and the public of the facts of a dispute and of a threatened stoppage of work. Normally it used to be an expedient which was only resorted to infrequently, but more recently much greater use has been made of this particular method of dealing with disputes. The Court of Inquiry has been found to be an instrument of the utmost value. The advantages of bringing the facts of a dispute into the full light of day are obvious. Even more important, while it is not the function of the court to act as a conciliator or arbitrator, the report and recommendations frequently indicate the bases on which an acceptable settlement is ultimately arrived at. Because the Court of Inquiry has proved to be of such value it is essential to use this particular instrument sparingly and only on important matters so as to avoid any risk of its losing some of its effectiveness.

These various methods of assistance which the State provides to industry in connection with disputes or differences between management and labor in sum add up to a great deal. Between them they have made a substantial contribution to the avoidance or settlement of trade disputes, and as, with experience, their effectiveness has increased, industry has come to place more and more confidence in the impartiality of those who operate the system. They have come to be accepted as a welcome supplement to the efforts of industry itself to solve its own problems.

## REGULATION OF WAGES

At an earlier point it was mentioned that there were some parts of the field where even in the United Kingdom wages and conditions of employment were subject to statutory regulation and here that aspect of the problem will be referred to briefly.

In its more modern manifestation, the regulation of wages was originally based on the principle of prescribing a statutory minimum wage in sweated industries. This principle was embodied in the Trade Boards Act of 1896. The minimum wage was fixed after an elaborate procedure by a board which was itself established in accordance with an equally elaborate procedure laid down in the statute, and which was composed of representatives of both sides of the industry in question and of independent persons. When the minimum wage had been fixed in this way it became obligatory on the employer to pay not less than the rate laid down and compliance with this requirement was assisted, and if necessary enforced, through an Inspectorate under the Ministry of Labor.

Within a short time the original conception of a Wage Board as being appropriate mainly to sweated trades changed. This change of outlook was reflected in a number of acts of Parliament from 1916 onwards. The criterion ceased to be merely, "Is the industry a sweated industry?" and became "Is there proper organization of workers or employers in the industry and is there or can there be established adequate joint negotiating machinery for the industry?" It is on the application of these latter criteria that Wages Boards or Councils for the purpose of fixing both wages and other conditions of employment have been established in a large number of industries, including the very important agriculture, road transport and catering industries, and in the retail distributive trades. But although the criteria for the establishment of Wages Boards or Councils have changed, and indeed the procedure has been altered in a number of ways, the fundamental principle remains unaltered that the wages or other conditions of employment are not drawn up by the government—they are only confirmed by the Minister of Labor after being submitted to him by a board or council representative of employers and workers in the industry concerned together with independent persons. This is a point of similarity to, rather than a difference from, the traditional policy of avoiding direct government interference with the affairs of management and labor. Moreover—and this is of first importance—as soon as there is sufficient organization of employers and workers in the industry the Wages Council can be replaced by the more favored method of voluntary collective bargaining; and this has been done in a number of cases.

In one part of the field of industrial effort the government has felt justified, even in peacetime, in intervening more directly in the question of the conditions of employment of workers. Parliament has for long felt that workers engaged on government contracts should be assured fair wages and conditions of employment, and has passed a number of resolutions to that effect. As a result it has for a great number of years been a feature of public contracts that the employer must accord to his workers engaged on such contracts, wages and conditions of employment not less favorable than those established by machinery of negotiation or arbitration for the trade or industry in the district where the work is carried out. In the absence of conditions of employment which have been established in this way, the employer has to accord conditions not less favorable than those observed by other employers whose general circumstances in the trade or industry in which the contractor is engaged are similar. The principle of this requirement has also been embodied in a number of acts of parliament which provide for assistance of one kind or another from public funds to certain industries or sections of an industry.

At this point the case of the nationalized industries should be mentioned. However, the case for or against the nationalization of industry will not be argued. Here it will be pointed out that in each of the acts of Parliament which transfers the ownership of an industry to the State there is a provision requiring consultation between the authority responsible for the management of the industry—which authority it must be remembered is *not* a government department but a statutory body enjoying complete independence in the day-to-day operations of the industry—and representatives of the organizations of the workers employed in the industry with a view to the establishment of joint machinery for the negotiation of terms and conditions of employment. Here again it will be observed that the principle is laid down that those matters must be settled between management and labor and not by government.

#### WAR LABOR POLICIES

Naturally the relationship between government, on the one hand, and employers and workers, on the other, underwent great modifications during the war. In a struggle in which the fight was not only for national existence, but for the larger liberties as well, some of the smaller liberties had to be temporarily suspended. Thus workers were controlled as to the employment they could undertake, and in thousands of cases were actually directed to the work which they had to perform. Employers on the other hand were not allowed their former complete freedom of choice as to the workers whom they would employ but frequently had to take

the workers sent to them by the Employment Exchange Service. The Essential Work Orders prevented a worker leaving his work or an employer dismissing a worker without special consent, but the same orders guaranteed a worker his weekly wage and provided penalties for deliberate absenteeism.

In the matter of the negotiation of wages and conditions of employment a very significant change was made. In the interests of production it was felt to be essential that stoppages of work, whether from strikes or lockouts, should be completely avoided. Accordingly, with the consent of both sides of industry, the government made an order which established a National Arbitration Tribunal and provided that the Minister of Labor, on being notified of a dispute by either side, must, unless the dispute be otherwise disposed of, refer the matter to the tribunal. The awards of this tribunal are legally binding on both parties. The order further prohibits strikes and lockouts unless the Minister fails to refer the dispute to the tribunal within the statutory period of twenty-one days. A further section of the order embodies a principle similar to that contained in the Fair Wages Clause in Public Contracts referred to above, and provides that all employers must observe terms and conditions not less favorable than recognized terms and conditions of employment, that is to say, terms and conditions which have been settled by machinery of negotiation or arbitration to which the parties are organizations of employers and trade unions. This order, which to begin with was a wartime order only, has been continued for the present at the request of both sides of industry.

These provisions represent a substantial modification of the relations between the State on the one hand and employers and workers on the other. They provide for compulsory arbitration; they make awards of a Statutory Tribunal binding on the parties to a dispute; they prohibit strikes and lockouts; they make by statutory order a very wide extension of the Fair Wages principle. The emphasis, however, has been placed upon the importance of joint negotiations between employers and workers. This is evident in the provision just referred to regarding the compulsory extension to all employers of recognized conditions of employment. It is even more evident in the provision that, if there exists in the industry joint negotiating machinery suitable for dealing with the subject in dispute, the Minister must first refer the dispute to that machinery, and only when that fails must he refer it to the National Arbitration Tribunal.

Thus through all the changes and modifications which have occurred, both in the years before and during the last war, there has run the same line of approach to these problems of wages and conditions of employ-

ment—let industry settle these matters by joint negotiation, if possible by voluntary machinery, if necessary by statutory machinery including the assistance of independent persons, even in the last resort by statutory orders, and let the two sides of industry get together and themselves arrange the details of these matters.

The discussion so far has been concerned mainly with that aspect of the relations between employers and workers which is concerned with wages and conditions of employment. In volume this is perhaps the most significant aspect of that relationship, it is a subject which to a large extent dominates all the discussions between the parties. But although it is a matter of outstanding importance it is not the only one. It has not been possible to more than mention other matters of importance—matters in which the initiative is taken by government—statutory provisions relating to the safety, health and welfare of the workers, provisions relating to amenities in factories and outside factories, provisions relating to the hours that may be worked in shops, prohibition on night work and underground work in the case of women and young persons. These and other matters clearly have a very great bearing on the relations between management and workers, but their effect today is less than it was since these matters have come to be accepted as questions requiring regulation by the State. They do, however, in common with the other matters mentioned, have a distinct bearing on the question of coöperation between government, management and labor. And to that question of preferred importance which may well hold the key to the future, reference will now be made.

#### DESIRABILITY OF JOINT CONSULTATION

Successive governments in the United Kingdom have felt that a happy and prosperous industry can only be based on full coöperation between employers and workers each making their own contribution to the problems with which they are faced. In the sphere of conditions of employment, government has tried to direct its efforts to bringing about greater understanding, greater coöperation, a fuller sense of partnership between the two sides of industry. But there is more than this. As the Whitley Committee stated in the passage already quoted: “. . . a permanent improvement in the relations between employers and employed must be founded upon something other than a cash basis. What is wanted is that the workpeople should have a greater opportunity of participating in the discussion about the adjustment of those parts of industry by which they are most affected. . . .”

And so British governments have not confined their efforts to encouraging coöperation in the field of wages and conditions of employment. They have tried to stimulate and encourage the development of ma-

chinery for the discussion of all matters which were of mutual concern to management and workers. Naturally the task was not easy, for management was frequently inclined to feel that matters other than wages and conditions of employment were not questions for the workers, while on their side the trade unions sometimes showed reluctance to embark on questions which were beyond what they regarded as their normal functions. But by the outbreak of war considerable progress had been made in the establishment of machinery, not only at the national level, but at regional, district and even factory level, for the joint discussion of matters of common concern to employers and workers.

#### JOINT PRODUCTION COMMITTEES

The war gave a stimulus to the movement for joint discussion, particularly at the factory level where a new development in the form of Joint Production Committees quickly gained ground. These committees, which were composed of representatives of management and of workers, were set up in many works all over the country. Their actual functions varied from industry to industry and even from factory to factory. Broadly they were to consult and advise on matters relating to production and increased efficiency. Generally the committees were excluded from discussing such matters as wages and cognate subjects which are covered by agreements with trade unions or are usually dealt with by the approved negotiating machinery. There is no doubt that the free exchange of views between management and workers which took place on these committees was instrumental in clearing away many difficulties which, had they been allowed to persist, would have seriously retarded production. More than that, they resulted in a much better understanding generally between management and workers and developed a spirit of coöperation which in many cases had previously been lacking.

With the end of the war the need for the machinery of Joint Production Committees did not appear as urgent and many of them were allowed to fall into disuse. But the lesson of the wartime experience was not lost—it was only overlaid temporarily—and recently, with the concurrence of both sides of industry, the government has started action to stimulate the reëstablishment and expansion of these committees throughout the whole field of industry.

There is a further wartime development which should be mentioned. Prior to the war, but mainly as its result, there has been increasing appreciation of the value of personnel management as the basis for a happy works and contented workers, for good labor-management relations and ultimately for efficient, economical and plentiful production. For that reason there has been set up in the Ministry of Labor a branch composed

of experts in the technique of personnel management, whose duty it is to give advice and assistance to firms on this vital aspect of labor-management relations.

#### MACHINERY FOR TRIPARTITE COÖPERATION

What can be regarded in some ways as the most important development of recent years has been left to the last part of this discussion. Gradually we have come to realize that, in addition to employers and workers, there is a third party with a close interest in all these matters. That third party is the general community as represented by the State. If it had not been realized before, the war would have made it clear very quickly, that for a democracy to be able to wage war effectively the free and full coöperation of all parties is essential. In the industrial field this means the coöperation with government of employers and workers. At the beginning of the war, therefore, the Minister of Labor set up a National Joint Advisory Council, representative of the central employers' and workers' organizations (the British Employers' Confederation and the Trades Union Congress) to advise the Minister of Labor "on all matters in which employers and workers have a common interest." As this body was found rather large for its purpose, it appointed a smaller body called the "Joint Consultative Committee" to advise and assist the Minister of Labor and National Service on matters arising in the period of the emergency. Throughout the war, it is safe to say, the government did not take a single decision of policy in the labor or manpower field without seeking the advice either of the council itself or the Joint Consultative Committee. This machinery was a principal factor in the vital task of the successful and smooth mobilization of British manpower. It gave assistance without stint, its advice was invaluable. It made a contribution to the successful outcome of the war which is beyond measure.

The pattern of collaboration was repeated in the regions and the localities, although the functions of the regional and local bodies necessarily differed from those of the national body. But all made their contribution to the common effort.

Out of that wartime experiment there grew a sense of comradeship between government, employers and workers and a closer relationship and a better understanding of each other's problems between employers and workers than had ever existed before. The value was so evident that it could not be allowed to disappear. Accordingly, a reconstituted National Joint Advisory Council with its Joint Consultative Committee has been established as a permanent feature of the consultative machinery of government in Great Britain. Nor is that all. The principle has been



extended into every field where government activity affects the interests of management and labor, and in many of those fields, machinery has been set up including representatives of management and labor to which the government can go for consultation, advice and assistance.

#### INTERNATIONAL LABOR ORGANIZATION

This survey could not be concluded without a reference, however brief, to the organization whose meetings in California provide the occasion for this conference—the International Labor Organization. The organization is now nearly thirty years old. In one respect at least it has been in advance of even the more advanced countries. It embodies in its constitution and in its activities the principle of three-way partnership in industrial affairs—the partnership of government, employers and workers who, in the ILO, meet on equal terms and, by vote as well as by speech, help to hammer out international regulations designed to make the world a happier, a more prosperous and a freer place for all peoples. From the start British employers and British trade unions have taken a close interest and a leading part in the activities of the organization, and although, I am sorry to say, their representatives have been unable to be here today to give their own views, I am certain that they would agree that their collaboration in this body has drawn them closer together in their domestic affairs. Also, I know from my own experience that British government representatives have been able to get a clearer idea of the outlook, problems and difficulties of British employers and trade unionists by meeting together on the ground of these international conferences.

Treatment of this vast subject has been sketchy and extremely inadequate to its importance. Some would no doubt say that the system which has been evolved in the United Kingdom is the typically British compromise. That observation can be regarded as a term of approbation or reproach according to the person making it. At any rate it works. In an age when government cannot avoid taking action which more and more affects the life of the individual, we have in this particular matter tried to steer a course between necessary state regulation and the concept that the State should stand completely on the side. The day for that concept is long past in the United Kingdom and in most countries of the world. To that theory, if anyone still holds it, the Charter of the United Nations, the constitutions of the International Labor Organization and of the other specialized agencies, the law and practice in every civilized country in the world offer a complete denial. Others would perhaps say that Britain has not gone far enough, that in these days the common affairs of employers and workers cannot be left to the free play of unfettered negotiation even as limited by statutes and statutory regulations; that

the existing system of partnership between government, management and labor does not meet the present needs; and that the State should embark on more complete regulation of matters which lie between management and workers. We do not believe this.

There are many reasons why the State should not itself decide, for example, the wages and conditions of employment of workers. One argument alone appears to be decisive. It is an essential element in a free democracy that there should be the right to offer one's labor where one wishes and to negotiate freely—not necessarily individually, but through one's chosen representatives—for the rewards to be ascribed to one's labor. Take away that right and one of the bases of freedom has disappeared. Moreover, if the State takes over the duty of prescribing wages and conditions of employment, what becomes of the trade unions? There can be no draft—unions would either be rendered futile or become creatures of the State. And in either case that would be the end of freedom as we know it. For today a strong, free and independent trade union movement (and the adjectives strong, free and independent are emphasized) is one of the bulwarks of personal liberty. Let us not delude ourselves about this. In every experience of the totalitarian state in recent years, almost the first act of the dictator has been to suppress or to suborn the Christian Church and the trade union movement. Be on guard against any policy which would result in the disappearance or ineffectiveness of either of these bastions of liberty.

#### EFFECTIVENESS OF PRESENT ARRANGEMENTS

No further apology is made for the policy of the United Kingdom in the matter of labor relations other than to repeat that it works. Despite an eruption here and there, there is today, as almost never before, peace in industry. Thus between the end of the war and the end of 1947, that is, about two and one-half years, the number of days lost by stoppages of work was 6,500,000; the number of days lost in the corresponding period after World War I was 65,500,000. However, and this is of vastly greater importance, there is a sense of partnership in industry and a coöperation between government, management and labor which we have seldom if ever known.

An illustration of that coöperation was the recent reaction to a White Paper issued by the British government. In this document views were expressed to the effect that there is no justification for a further rise in profits and dividends, that prices should come down and that there is no present justification for a further *general* rise in wages. An appeal was made to both sides in industry to exercise restraint and to implement these principles on a voluntary basis. The response has been remarkable.

The Trade Union Congress on the workers' side, and the great employers' organizations—the British Employers' Confederation and the Federation of British Industries—all accepted the principles set up by the government, and although it is too early to be certain of the ultimate result, there is good ground for believing that, unless other unfavorable features intervene, a period of relative stability in the industrial field is ahead. Such a response twenty, fifteen, even perhaps two years ago would have been unthinkable.

It has been said to me that our system has worked in Britain because of the people's innate respect for the law and for constitutional methods. It goes deeper than that. It might be said that the system succeeded because it commands the assent of those who are affected. Put it in another way—it succeeds because it is based on the twin principles of freedom within the law and the fashioning of the law so as not to offend the fundamental freedoms. Any system based on those principles has a good chance of success.

#### SUMMARY

An attempt has been made to find a formula which will describe briefly the part of government in the relationship between management and labor. In its dealings with management and labor, government must be both a solvent and a cement—a solvent to resolve their differences and a cement to bind them together in their common interests and their common purposes. In that way all parties will enjoy the maximum gain—management, workers and the State, which after all is the people.

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# France

By PIERRE WALINE\*

A FEW months ago, the English Minister of Labor, Mr. Isaacs, said in the House of Commons that industrial relations in his country were the best in the world. I think he was right, not perhaps for the world, but for Europe. I don't think that the relations between employers and workers in France are the worst in the world! They could be better, surely, and speaking very frankly, I shall try to explain to you the reasons why they are not as good as we might desire. First of all, I shall give you briefly, an outline of what they are.

Speaking as a representative of the French employers, I recognize that these employers between the two wars, and more precisely between 1919 and 1936, were perhaps too cautious and even shortsighted.

With the exception of a few months immediately after the demobilization of 1919, most of the workers in France were unorganized. There were, indeed, two or three federations of labor unions, each with a political or ideological color (Socialist, Communist and Christian). But only a small percentage of the workers were affiliated with these unions, less than five or ten percent in such industries as building, chemical, textiles and especially in those covered by my own organization, the Federation of Metal and Mining Industries. The result was that there were in France but a small number of collective agreements, covering only those industries or trades in which the workers were permanently employed in the same enterprise such as coal mines, or were pioneers in unionism, such as printing. The employers in other industries, who had had some experience in 1920 with collective bargaining, had been disappointed by the results of that first attempt. Perhaps because the unions had rapidly lost a great part of their influence, many clauses of the collective contracts had not been observed by the workers. The employers remembered that.

The same employers failed to realize that such a situation was not permanent, not desirable. Although most of them, particularly in the big plants, tried to give their employees numerous social benefits, they did not favor the introduction of workers' representation. Of course, the experiences of foreign countries were not encouraging. The Workers'

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Councils in Austria, Germany, and Czechoslovakia could not be considered as contributing to peace in industry. The British shop steward movement, which had been quite vigorous during the war, had lost its importance, partly because it was considered, not only by the employers, but also by many union leaders, to be a left-wing movement disturbing to the system of industrial relations which had functioned smoothly in Great Britain. But in French industry, there was neither collective bargaining *nor* a shop steward system. However, in 1936, under the pressure of big strikes and worker occupation of plants, the leaders of the French employers' organizations were compelled to accept both.

#### MATIGNON AGREEMENT OF 1936

By the Matignon Agreement, concluded June 7, 1936, between them and the most important Labor Confederation (in which the Socialist and Communist unions had merged one year before), two principles were firmly established: (1) In all industries and trades, wages and other conditions of work should be fixed by collective agreements. (2) In each plant or enterprise employing ten workers or more, representatives should be elected by the employees in order to transmit to management the claims of their comrades.

A fortnight after the signing of this accord, which was in the following years very often criticized in employer circles, a law was voted by Parliament dealing with collective agreements. It provided that collective contracts should be discussed in each industry or trade, either at the local, regional or national level (but not, as previously, at the shop level). Delegates of the most representative workers' and employers' organizations were grouped into committees presided over by representatives of the Ministry of Labor. More than 6,000 contracts were so discussed and concluded during the second half of the year. They were generally local or regional in scope.

Two other provisions of the law must be mentioned. The new collective contracts had to contain a number of specified clauses. The most important, of course, concerned wages. A procedure was established in order to allow the extension of such a contract to all the employers and workers of the same industry in the same geographical area. In that case, the contract had a compulsory effect, like the German *Kollektivverträge* under the legislation in force before Hitler.

At the same time, elections took place in all plants of ten employees or more for the designation of the shop stewards.

These things were not accomplished without some disturbances. The wave of strikes was not stopped by these important measures, nor by the passage of two other laws adopted in June, 1936. The latter two laws

established the forty-hour week, without reduction of earnings, and paid vacations at the rate of twelve workdays a year for all wage earners with one year of employment in the same plant.

The result was that the government asked Parliament, at the end of the year, to give it the means of enforcing industrial peace by compulsory arbitration. And so there was passed just six months after the introduction of the system of collective agreements, a piece of legislation which could be considered as contrary to the essential principle of free collective bargaining and as a hindrance to employers and workers seeking to arrive at agreements through their own efforts. Owing to the social and political atmosphere of the time it was probably impossible to avoid this development involving considerable interference by the State.

#### POSTWAR INDUSTRIAL RELATIONS IN FRANCE

What is the situation now? After the liberation of France by the American, British and French armies, the new government could not restore completely or immediately the previous situation. For example, it was impossible to leave to employers and workers the regulation of wages. It was a natural desire of the wage earners to obtain substantial wage increases after five hard years during which they had really suffered. If the government had abolished the "freeze" of wages introduced at the beginning of the war and maintained throughout the occupation (with several modifications), it would have been quite impossible to curb the rise in wages. The consequences would have been disastrous for the economy of the country, wasted and disturbed as it was by the war. Thus, the State is still the regulator of wages and, although we know today the great disadvantages of such regulation, we must recognize that it was necessary, and perhaps it is still necessary, to avoid something worse.

The same governments which tried to curb the spiral of wages and prices by regulations and which granted, from time to time, a few francs in across-the-board increases, were anxious to give something more to the workers and to modify the system of industrial relations in the spirit of the Resistance movement. It was decided to establish by law, Works Councils in all enterprises employing one hundred workers or more. Later, enterprises employing fifty or more were included. Thus, we have now in the plants and shops both shop stewards and Works Councils. At the same time—at the end of 1946—it was decided to replace the legislation of 1936 concerning collective agreements with a new law, giving more influence to the national federations of workers and employers and accentuating the interference of the State.

Knowing how controversial these questions are in America, I think you would be interested in some details about these two matters.

## SYSTEM OF EMPLOYEE REPRESENTATION

First, a word about the representation of the employees in the shop. We did not have serious difficulties concerning the shop stewards. After a fair number of conflicts during the months following the first elections in 1936, the employers regarded them, not merely as men voicing disagreeable claims, but also as useful liaison men between themselves and their employees, at least in the big plants. Nevertheless, the new legislation of 1946 and 1947 on this matter was not very well conceived. Especially in the medium-or small-sized shops, the number of these shop stewards is sufficiently large to constitute a heavy charge on the enterprise, for the stewards must be paid for the time they spend in carrying on their duties up to a maximum of fifteen hours per month for each shop steward. Moreover, they must now be elected according to the same system as in political elections, the so-called "*représentation proportionnelle*," in order to assure the representation of each group. It is often difficult to reconcile this procedure with the original principle which was that each shop steward (or his substitute) spoke for all the workers in his section of the shop and only for those workers. Finally, although the Works Councils and the shop stewards have not the same functions, it very often happens that the stewards are members of the Works Councils, because it is hard to find enough able or willing candidates for those offices in the smaller plants. The result is frequent confusion between these institutions, such as injection into the meetings of Works Councils of complaints or claims, which should, in the interest of coöperation within the councils, be dealt with elsewhere.

The Works Councils are the most interesting innovation in our post-war social experience. As provided in the legislation of February 1945, amended in May 1946 and July 1947, they are elected by the different categories of the personnel of each enterprise. The employer or manager (or a substitute chosen by him) is by law the chairman of the council. There is no other member of the management in the council—contrary to the practice in some British Works Councils (which are not established by the law, but by free collective agreements). Like the shop stewards, the elected members of these councils must be paid for the time they spend in their official functions and are protected against dismissal.

The functions of our Works Councils are both social and economic. Without interfering in the application of laws and collective agreements (for which the shop stewards are responsible), they have power to manage, either independently or in coöperation with the plant management or the governing boards of particular welfare funds, all the welfare services for ameliorating the conditions of the employees. In addition,



they have the right to be informed and even to be consulted by the employer on all matters relating to the general running of the plant. Especially, they must be informed of the amount of the annual profits of the firm and they may make suggestions about the disposition of profits. Moreover, they are permitted to ask an expert, chosen by them under certain conditions, and paid by the firm, for examination and explanation of certain accounts or documents. In companies which run several plants, there is a Central Works Council, composed of representatives of the various plant councils, which meets twice a year and does the same job for the whole enterprise. The law provides also for the creation of Interworks Committees where necessary for the creation of joint service agencies for groups of medium-sized enterprises.

#### EMPLOYER ATTITUDE TOWARD WORKS COUNCILS

You may want to know what is the present feeling of French employers about the Works Councils now that there has been two or three years of experience.

First of all, the principle was loyally accepted in 1945 by the leaders of our employers' organizations. They expressed, indeed, some fears about the economic functions of the councils and they insisted particularly on the purely consultative character of the councils, which was underwritten in the law itself. Nevertheless, they agreed that the new institution could help to bring peace in industrial relations. When in a more socialist spirit the law was amended in 1946, the employers argued that it was dangerous to proceed with social experiments at such speed, and they made formal and precise objections to some articles of the law which could, they said, seriously endanger normal operation of plants by the managers.

The main difficulties which occurred in the application of this legislation can be summarized as follows:

1. The law makes certain distinctions between different enterprises. If they are joint stock companies, the rights of the councils are more extensive. It would have been perhaps wiser if, as in Great Britain, it had not been necessary to establish councils of the same pattern in all works of whatever industry and whatever size. It happened in many cases that the councils could not be created because the employees did not want them. In other cases, councils manifested no real usefulness probably because management or labor was not sufficiently prepared to make them useful.

2. In regard to the election of the members, difficulties of two kinds arose. The law provides that delegates will be chosen in two groups only; one from the manual workers and clerks, the other from the foremen,

supervisors and those persons whom we call "*ingénieurs et cadres*," namely, technical, commercial or administrative personnel. Only the manager himself and his immediate deputies or assistants may not participate in the elections. The result is that, unless it is possible to agree with the unions on more units—and that is not easy—the clerks form a minority in the one group, and the higher administrative staff form a minority in the other.

Another difficulty is that, for the first ballot in each group, the list of candidates must be proposed by the union officially designated as the most representative in the shop. Only if the first vote fails to result in a majority choice, can a second ballot be held in which *any* employee may be a candidate. As the law provides that blank ballots shall be taken into account in determination of the validity of the election, it frequently happens that candidates are elected, on the first ballot with only a few votes. A great number of workers don't dare to appear unfriendly to the unions, by abstaining from voting. This is, however, the only means to get a chance of voting afterward for candidates of their own choice.

For these reasons, French employers generally feel that there should be further subdivision of voting units and that write-in votes for any employee should be permitted on the first ballot.

3. No major difficulty has arisen regarding the nonproduction functions of the councils. It happened, in many instances, that the councils refused to administer employee services and left this job to the management. On the other hand, although the employers think it well to give to representatives of their employees an opportunity to manage their own affairs, they feel that, in the case of housing, private schools and certain other services, it would be dangerous and unfair to deprive management of its right of decision. These are cases in which considerable capital has been invested by the firm represented by houses and similar assets. The major issue is the financing of the social services when they are run by the council. Most of their funds come from the firm, which is compelled by law to provide at least as much as it provided before the establishment of the council. In fact it is very often much more.

The debated question now is whether it would be desirable to fix a minimum percentage of the wages annually paid, in order to assure the councils of sufficient funds in every case. The employers object to this proposal, first, on the ground that needs differ from one shop to another, second, that the obligatory social charges are already heavy in France (more than forty percent of the wages) and third, that during the Communist strikes of last November and December, some Works Councils made unfair use of the funds at their disposal by giving them to the strikers or to their families.

4. The economic functions of the councils are really the main controversial point. It is certainly desirable that the workers be well informed about the condition of their plant or industry, about its difficulties, its record and its prospects. In America, as well as in Great Britain, successful results were obtained through Production Committees during the last war. The French employers frankly admit that our Works Councils have, from this point of view, the great advantage of making easier such explanations and exchanges of views. But the social atmosphere is not the same in peacetime as in a war for the defense of liberty and human rights. It is possible to give several examples of cases in which the principal questions put to an employer by his Works Council were about the expenses incurred by him or his directors with their motor cars, or about his reasons for ordering engines or machinery from a country which is regarded by the Communists as a foe of Soviet Russia. Many employers complain that they lose much time in answering such questions, put to them solely for the purpose of political agitation. It may be said, in conclusion that the Works Councils can be, like many other institutions, very beneficial or very harmful, depending on the spirit of the men who control them.

#### EXPERIENCE UNDER RECENT LEGISLATION ON COLLECTIVE AGREEMENTS

Recent legislation on collective agreements will be treated more briefly. Legislation was adopted in December 1946 without any consultation with employers' organizations. It represents a serious aggravation of the legislation of 1936, previously discussed. Under the new law, there first must be negotiated one nation-wide agreement in each of about twenty-five groups of industries and trades. This contract must contain clauses on several specified matters. Only after that is it permissible to negotiate within the framework of those nation-wide contracts, regional, local and shop agreements. Moreover, all these collective agreements must be approved by the Minister of Labor, and his approval gives to them an obligatory effect. If no agreement can be reached between labor and management in a particular industry group or subgroup, the Minister has the right to establish a regulation, which becomes a substitute for the contract.

The results have not been satisfactory. The Administration has met with great difficulties in determining the "most representative organization," that is, the organization qualified to discuss the proposals for agreement in each industry, particularly since the most important national labor group, the Communist-minded CGT, has demanded that only one agreement be drafted in each industry, covering manual workers, supervisors and administrative staff in one bargaining unit.

Only four or five negotiating committees have been created since the law took effect, a year and a half ago. These committees have not met for several months, because it appeared quite impossible to reach a compromise between the views of the parties. Wage rates are not within the scope of the negotiations, for the reasons indicated. The points discussed were paid holidays, hours of work, shop stewards, Works Councils, welfare, and so on, all of which have been regulated by legislation throughout the last twelve years in such a manner that the employers consider existing conditions as more than fair to the workers. Above all, the main effort of the unions was to obtain from the employers the right to carry on union activities inside the plants. Such a demand is regarded by all French employers as quite unacceptable, because there are in France, for historical, social and psychological reasons, several kinds of unions, each with its political or ideological accent. To give free rein to their activities in the shops would introduce politics where they have no place.

In these circumstances, the Minister of Labor has now a real puzzle before him. Should he make a decision on these controversial points, which have not been settled by Parliament and about which workers and employers are in complete disagreement? He does not seem disposed to assume so grave a responsibility. It would be very agreeable to him to dispense with the system of wage controls, which makes him appear to the workers as the man who wants to hold down their earnings. His dream probably is to go back to the system of free determination of wages by collective agreement.

This is not possible today for two essential reasons. Owing to the high cost of living and to the fact that workers spend as much as seventy percent of their earnings on food, decontrol of wages would immediately lead to a wave of strikes, particularly since the Communists, whose influence derives mostly from the inflationary situation, would probably seize upon such an opportunity for creating conflict, regardless of the effect on the French economy and monetary system. The second reason is closely related to the first. Since the beginning of the war, we have had no new legislation on compulsory arbitration. It is inconceivable that our government should continue without appropriate means of intervention, if social conflicts should endanger the economy and the security of the nation. Therefore, the officials of the Ministry of Labor are now preparing a legislative bill on this subject, which will be presented to Parliament probably next autumn. It can be seen how difficult it is for a country to escape from government regulation, even when almost everybody agrees that it has many more drawbacks than advantages.

## REASONS FOR OPTIMISM

The final impression should not be that the condition of industrial relations is utterly bad in France. The social situation is considerably better now than it was three or two years, or even six months, ago. It must be remembered that France was occupied by the Germans during four or five years, that the government had first to reestablish order in each part of the country, almost without troops or police. Both these circumstances gave the Communists great opportunities for propaganda. It is hoped that the essential cause of social unrest, the sufferings of many people who never know if they will be able to live decently on their earnings from one month to the next, will soon disappear, thanks to the anticipated good crops of next summer and to the generous and intelligent aid of the Marshall Plan. Many signs prove that the immense majority of the French workers want only to work under fair conditions. For example, the failure of the general strike at the end of last year, which was a strike against the government more than against the private employers; the birth of a great non-Communist Confederation of Unions; and the fact that, despite the efforts of the Communists, no major strike has occurred during the first five months of this year.

If France is to recover economic prosperity and social peace, the system of industrial relations must be organized so that free enterprise can function efficiently. All that is possible must be done for social progress. Employers are in favor of strong trade unionism, independent from the political parties, of free collective bargaining and of Works Councils fulfilling their functions without bringing disorder into the plants. It is recognized that the State cannot stay inactive in the eventuality of strikes in certain industries. But the sad story of nationalized industries gave strong evidence that, even if the plant becomes the property of the State, management must enjoy a minimum of liberty and authority. Thus, because we have had experiences our American friends have never had, we believe even more, perhaps, that free enterprise can, better than any other system, assure to the workers, and also to the consumers, an increasingly high standard of living.

# China

By WOU SAO FONG\*

THE FIRST modern trade union in China was the Canton Research Association which was organized in 1906 at Canton. From then on labor unions developed in the big coastal cities. In the last decade the labor movement has been growing both in the big cities and in the small towns.

The modern trade union movement for progressive labor legislation started with the Chinese Republic. The Provisional Constitution of 1911 guaranteed citizens freedom of association. In contradiction to the Provisional Constitution, however, the Provisional New Crime Law, promulgated later in the same year, prohibited strikes as a crime against public order. Under such circumstances it was impossible for the trade union movement to develop.

Ever since the historical "May 4th Movement" of 1919 (a Renaissance Movement for Modernization of China, started by the Chinese intelligentsia), the Chinese intellectuals have supported the labor movement. Trade unionism in China was given further impetus by the successful seamen's strike of 1922 in Hong Kong. This strike, which later developed into a general strike by all Chinese laborers in Hong Kong, gave the Chinese working class an awareness of its strength, as an organized group. The repeal of the Provisional New Crime Law of 1911 by the revolutionary government of Canton under the leadership of Dr. Sun Yat-sen was a result of the growing strength of the trade union movement.

## INFLUENCE OF THE CHINESE REVOLUTION

The revolutionary movement of the 1900's was the motivating factor for the development of almost all progressive movements, political, economic, and social, during the first quarter of the twentieth century in China. The trade unions were given encouragement during this period by the socialist revolutionary movement, Chinese Christian social workers, labor leaders, and the Kuomintang revolutionists.

Although supported by the intellectuals the fight to improve conditions was led by the Chinese workers themselves. This increased their

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prestige, brought about the abolition of the antilabor law, mentioned above, and facilitated the enactment of progressive labor laws.

The Kuomintang government born of the Sun Yat-sen revolution considered it a duty to improve the living condition of the peasants and industrial workers. Almost all the labor laws of China were enacted after the new government was established in 1927. Today an important part of the program of the Chinese labor movement is to obtain enforcement of the new labor laws, together with the application of the ILO conventions ratified by the government.

#### CHARACTERISTICS OF THE CHINESE LABOR MOVEMENT

The labor movement in China has developed in accordance with the Chinese tradition that one should consider one's contribution as more important than one's benefit. The Labor Union Law of 1929 shows this influence of tradition by listing as the first purpose of a trade union the need to increase the knowledge and ability of the workers. The need to increase working conditions is listed only after the general purpose of increasing knowledge and ability is set forth.

Born of revolution, the labor movement has been highly political since its inception. It was a powerful weapon of the revolutionists in their fight against the decadent Peking government and foreign imperialism. The famous series of one hundred thirty-five strikes in fifteen cities and towns in 1922 was used to fight foreign imperialism as well as to advance the labor movement. In 1926 a further series of strikes in Hankow was designed to aid the revolution. These strikes were practically, if not officially, directed by the workers' section of the Kuomintang.

The nature of the development of Chinese industry, together with the political nature of the labor movement apparently have influenced the movement into not opposing the development of key industries by the State. There is less opposition to this type of development than there is to private foreign-owned industries. This is especially true when the foreign industry has exploited cheap labor.

#### RIGHTS OF CHINESE LABOR TODAY

When the Chinese legislators prepared the labor legislation, they took as a model the legislation of the most advanced Western countries, and adapted it to the economic and social conditions of China. Most of the labor laws were enacted by the Legislative Yuan, a body composed chiefly of liberal intellectuals. There was practically no opposition from the representatives of employers, such as is found in Western parliaments. The rights of Chinese labor were incorporated into law by the Chinese intellectuals on behalf of the Chinese workers. This resulted in the relatively progressive labor laws outlined below.

**1. Freedom of Association.** Under the Labor Law of 1929, which was amended in 1931 and 1932, any group of fifty workers belonging to the same profession, or any group of one hundred workers belonging to the same industry, over the age of sixteen, can form a trade union. Such a trade union must at the outset register with the proper local government authority. It enjoys the rights of a legal person.

**2. Collective Bargaining.** Under the same law a labor union has the right to bargain and conclude a collective contract with the management on behalf of its members. In order to be valid, such a collective contract must be sanctioned by the proper government authority.

**3. Affiliation.** Under the same law any trade union can affiliate with other unions to form a federation of unions in the same industry or profession with the permission of the proper government authority. They cannot affiliate with an international labor organization without the permission of the government.

**4. Conciliation.** Under the same amended law of 1932 concerning labor-management disputes, in the event of a labor-management conflict, a Conciliation Council composed of one to three representatives of the proper government authority, two representatives of management and two of the workers is to be set up. The management cannot lock out and the workers cannot strike during the period of conciliation.

**5. Arbitration.** Under the same law a labor-management dispute must not be brought to arbitration without having previously been submitted to conciliation, unless management and labor agree to do so. The arbitration council is composed of one representative of the proper government authority, one representative of the local chapter of the Kuomintang, one representative of the local court, two representatives from the employer organization and a like number from the labor organization. During the period of arbitration the employers are not allowed to lock-out and the workers are not allowed to strike.

**6. Working Hours.** Under the amended Factory Law of 1932 the normal working time is eight hours a day. However, the law permits it to be extended to ten hours a day if local conditions so require. Under other special circumstances, such as calamity, it can be extended to twelve hours a day, provided that the union consents and that the total overtime does not exceed forty-six hours per month.

**7. Rest Periods and Vacation with Pay.** Under the same law, every worker has the right to a rest period of at least thirty minutes after working continuously for five hours. On Sundays and public holidays, rest is to be observed. A worker is entitled to a seven-day vacation each year with pay if he has been employed in a factory for more than one year but less than three years; ten days for more than three years but less than five



years; fourteen days for more than five years but less than ten years; and one day more for each year above ten years of employment provided the total does not exceed thirty days.

**8. Overtime.** Under the same law overtime work must be paid for at the rate of one-third to one and two-thirds times the normal salary.

**9. Workers' Welfare.** Under the same law, the employer is responsible for the total expense of the education of child workers. The latter must receive education at least ten hours a week.

Women workers are entitled to eight weeks' leave for maternity. During that period they are paid full salary if they were employed more than six months, and half salary if employed less than six months.

**10. Allowances.** Social insurance is only in the stage of preparation in China. Therefore, pending the establishment of such a system, the Amended Factory Law of 1932 has provided for some provisional measures, such as medical care and allowances in order to compensate for injuries, hospitalization, and death. When a worker needs money for his marriage or for the funeral of his parents he is entitled to claim one month's wages in advance.

**11. Factory Committees.** The same law also provides for a joint factory committee, composed of three to nine representatives from the management and an equal number of representatives from the workers. The duty of this joint committee is to study the efficiency of work, to improve the relations between management and labor, to assist in the execution of the collective contract, to promote security and hygiene, to improve working conditions, and to plan welfare organizations.

**12. Minimum Wages.** Under the Minimum Wage Law of 1936, there must be established a minimum wage sufficient for the cost of living of a family of three members: the worker himself and two dependents. The minimum wage for a child laborer should not be less than one-half the wage of the adult worker.

The minimum wage must be fixed by a Minimum Wage Committee composed of one or two representatives of the proper local public authority; three or five representatives each from the employers' and workers' organizations and one person to be chosen by management and labor jointly. The Ministry of Social Affairs or the provisional government may send a representative to participate in the discussion if either so desires.

#### CHINA'S LABOR LEGISLATION AND THE ILO

It is to be pointed out that the International Labor Organization also has contributed to the progress of Chinese labor legislation. Under the mechanism of the ILO, government and employer groups are constantly under a kind of moral pressure furthering the interests of the workers.

The Chinese government and the Chinese employers are no exception. Up to the present, China has ratified thirteen conventions adopted by the International Labor Conference. These conventions are as follows:

- No. 7 Minimum Age (Sea)
- No. 11 Right of Association (Agriculture)
- No. 14 Weekly Rest (Industry)
- No. 15 Minimum Age (Trimmers and Stokers)
- No. 16 Medical Examination of Young Persons (Sea)
- No. 19 Equality of Treatment (Accident Compensation)
- No. 22 Seamen's Articles of Agreement
- No. 23 Repatriation of Seamen
- No. 26 Minimum Wage-fixing Machinery
- No. 27 Marking of Weight (Package Transport by Vessels)
- No. 32 Protection against Accidents (Dockers)
- No. 45 Underground Work (Women)
- No. 59 Minimum Age (Industry)

China always has tried her best to fulfill her obligations as a member of the ILO. Before the war the Chinese delegates expressed time and again their regret that the ILO was too much influenced by European conditions in setting international labor standards but at the same time understood that under the circumstances then prevailing, the ILO could not be otherwise.

For the first time in its history the ILO held a regional conference for Asia last year in New Delhi, India, which was attended by delegates of almost all Asian countries. Many reasonable resolutions concerning the future activities of the ILO in Asia were adopted. If these resolutions can be put into execution, it will mark a new era in the life of the ILO in Asia.

#### THE POSTWAR LABOR MOVEMENT IN CHINA

Although labor statistics are incomplete, it is estimated that there are five million industrial workers in China. The number of industrial workers and handicraftsmen is estimated to be over 20,000,000.

Labor-management relations have never been and still are not a too serious problem in China for the reason that monopolistic capitalism in the Western sense of the term does not exist in China and employers are neither politically and economically powerful nor very well organized.

The low living standard of the Chinese workers is mainly due to overpopulation, the economic backwardness of the country and the illiteracy of many of the workers.

A rise in the standard of living of the Chinese workers, therefore, depends upon agrarian reforms, modernization of agriculture, industrialization, and mass education. Agrarian reform and modernization of agriculture will increase the purchasing power of 400,000,000 peasants,

which in turn will create a tremendous internal market to absorb the products of the new industry. Then, when the mass of the people are assured of food, clothing and shelter, education will develop of itself, particularly in China where knowledge is traditionally so highly respected. This is the crux of China's problem of reconstruction.

That is the reason why the Chinese labor movement is politically minded. The workers know that their future prosperity depends, not on the mere concessions made by their employers, but on concerted political, economic, and social reform of their country.

According to the economic doctrine of Dr. Sun Yat-sen, the economy of China should be developed under a coördinated system of state and private enterprises, all to be carried on within the framework of a political democracy. This concept has also been adopted by all the political parties of China including the Chinese Communist party. Under such an economic system, the key industries are to be owned and managed by the State, while there will be a large number of other enterprises owned and managed by private individuals. Therefore, a great many of the workers will be employed in the state industries. Consequently the Chinese labor movement will continue to develop not only for its own sake, but also for the benefit and progress of the whole community. The government will become the employer and will be influenced in its management policy by the workers as citizens. Conflict between labor and management will still exist to some extent but the main source of class antagonism will be eliminated.

For all these reasons, the impact of government on labor-management relations in China will take a quite different direction from that in the countries of absolutely free enterprise, such as the United States.

One of the most significant postwar developments of the labor movement in China is the adoption of a new electoral system by the National Assembly last year. According to the new constitution, the workers, as a special section of the population, have the right to elect their representatives to the national and local legislative bodies. At present there are more than 1,560 worker members in the various provincial and municipal Political Consultative Councils, more than 120 worker members in the National Assembly and 18 worker members in the National Legislative Council. The latter is equivalent to the American Congress.

Another development is that social security has been added to the people's fundamental rights guaranteed by the new constitution.

Finally, what is most important is the organization of the Chinese Federation of Labor in April this year. For the first time it has been possible for a general confederation of labor to be organized on a real national basis. It brings together workers' trade unions of all kinds with a total of 5,400,000 members.

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# Mexico

By F. YLLANES RAMOS\*

MEXICO is a democracy of the same type as the United States. However, constant intervention by the government in labor matters has been the rule. The nature of the intervention has changed in accordance with the political beliefs of the government in power.

The approach of the State in regard to the labor problem can be divided into three periods: first, when the State considered the organization of trade unions and their collective action as subject to criminal prosecution or subject to administrative repression; second, when the organization of trade unions was not only tolerated but fostered, helped and promoted by the State; and third, when the growth of trade unions was such as to create a state within the State itself. A situation of privilege was established for certain groups with regard to the rest of the community. This undue and unfavorable situation forced the State to take steps to curb such extreme strength which jeopardized the social equilibrium.

Labor legislation in Mexico goes back to the colonial period with its so-called "Indian laws." Under these laws the Spanish authorities established bases for raising the standard of living of the natives, which contained provisions regarding work shifts, minimum wages, payment of wages in cash, and the establishment of stores where wages were paid, etc. When the Constitution of 1857 was issued, its authors studied the labor problem but covered it only in a superficial manner, confusing the problem of industrial liberty with that of the protection of labor.

Among the different states which form the Mexican Federation, specific statutes appeared covering labor. Some of these were: state of Mexico of April 30, 1904, covering industrial accidents; that of the state of Nuevo León of November 9, 1906; the legislation of the state of Coahuila in 1912; that of the state of Hidalgo in 1915; that of the state of Zacatecas of 1916; the very important but "foreign-flavored" labor legislation of the state of Veracruz in 1914 and 1915; and also that of the state of Yucatán in 1915.

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The Revolution of 1910 broke out and when, after many years of bloody strife, a stable government was established, the Constituent Congress of 1917 was called to dictate a new constitution. This congress approved Article 123 of the constitution, which marked a new period in the history of world labor relations. For the first time there was incorporated into the constitution of a great state a complete chapter covering relations between capital and labor and the bases which must govern all labor contracts. Article 123 deals with maximum hours of work; work of women and children; weekly rest; assistance to female employees during the postnatal period; minimum wages; equal pay for equal work without discrimination as to sex or nationality; protection for wages; payment of double time for all overtime; housing for the workers; industrial accident and sickness compensation; hygiene; freedom of association; the right to strike providing a cooling-off period is observed; lockout only when there is overproduction; a compulsory Board of Conciliation and Arbitration with the same number of employee and employer representatives, and one representative of the government; three months' pay to workers whose employment is terminated without justification; automatic cancellation of all the debts of the worker when these debts exceed one month's salary; free employment service; guarantees for the Mexican worker when he must do his job out of the country; invalidity of an agreement stipulating unfair wages; family patrimonium with special rights; and a social security law for invalidity, life, professional risks, etc.

It is true that the legislators found inspiration in other laws, such as those of France, Belgium, Italy, the United States, Australia, and New Zealand, yet it cannot be disputed that the idea of incorporating into the constitution the necessary rules governing the problems affecting labor marked a new era in the matter of industrial law.

The Constitution of 1917, also contained Articles 4 and 5 wherein freedom to work is consecrated.

#### THE NATURE OF THE MEXICAN LABOR CODE

Article 123 of the constitution governs the relations between employers and workers with the State cast in the role of mediator. The State intervenes only when there is a dispute where no agreement can be reached. It does not take the initiative and acts principally to maintain an equilibrium.

The Constitution of 1917 not only contained a set of rules governing employer-worker relationships, but it also granted to the individual Mexican states the right to legislate on labor matters. In addition the Congress of the Union was given the right to pass legislation applying to

the Federal District and territories. This created a chaotic state of affairs, as twenty-four different states issued their own labor laws and a mosaic of legislation was created all over the Republic. In addition there were the laws of the Federal Congress which applied to the Federal District and territories.

The consequent anarchy of such legislation made necessary an amendment to the constitution in September 1929. Congress then was given the exclusive power of legislating on labor matters, thus depriving the federal states of the right to issue such laws.

The Federal Labor Law was issued by the Congress in August of 1931 and is still in force. In fact this legislation determines the minimum requirements for labor contracts. That is, anything agreed upon by the parties themselves below the minimum granted by the law, is not valid. If they do not come to any agreement they must abide by the law. Any agreement more advantageous for the workers than that granted by law is valid and welcome.

Although there have been no great legal changes in Mexican labor legislation during the past seventeen years, the special tribunals and the Supreme Court itself have by judicial determination kept the law abreast of the prevailing social unrest. This does not mean that this evolution has been always of benefit to the country or to labor itself, or to the industries. A state of unrest has continued, due in great part to the intervention of the State in labor and management relations. The intervention has been generally disturbing and has not contributed to the real solution of the problem.

The Federal law governs the labor contract, individual and collective; hours of labor and legal hours of rest; wages; factory working regulations; work of women and minors; work stoppages, rescission and termination of contracts; domestic work; work at sea, in the fields, and on the railroads, as well as in small industries; also home industry, house work, and apprentice contracts. It also governs the legal status and *modus vivendi* of the labor unions as well as their action in case of strikes. Finally it establishes a set of regulations governing the processes of the Boards of Conciliation and Arbitration, the rights and duties of labor inspectors, attorneyship for labor's defense, and the different processes to be followed in case of conflicts, individual and collective. It contains disposition covering industrial hygiene; preventive measures against industrial accidents, and a set of rules in general matters which tend to keep alive intervention by the State.

There have been also some dispositions, such as the Law of Emergency Compensation for Insufficient Salary, which brought about a compulsory increase in wages during the last war, and with the end in view of

compensating labor against the rise in the cost of living. This law is still in force and, as a matter of fact, this compensatory increase is being automatically added to prevailing wages, and at times the base wage and the compensatory increase are not differentiated in practice, the total being regarded as the sole wage.

#### SOCIAL SECURITY LEGISLATION

Following the Federal Labor Law the Social Security Law was enacted. Under this law a public institution, the Mexican Institute of Social Security, was established with authority over the field of social security. This law is bound to displace by degrees the direct activities of employers in behalf of their workers. It also will limit the scope and range of insurance companies which find the field of occupational hazards a forbidden field of action.

The Social Security Law also is a law of minimum advantages. That is, it spurs workers to obtain better conditions in their collective contracts covering social protection and guaranteed risks, although giving to the workers the possibility to be free of their share in the cost of the scheme and thus increasing the burden of the employer. Such a policy was adopted against the advice of the International Labor Office. It creates a perversion of social security, loading certain industries with excessive charges and giving to a certain number of workers a situation of extraordinary privilege and preference.

#### EXTENT OF FEDERAL INTERVENTION

It is important that we stop a moment to consider several institutions set up under the Federal Labor Law which constitute a direct intervention by the State in the relations between capital and labor:

1. The establishment of a minimum wage, fixed by localities, in such a way that certain committees which are formed by representatives of labor, employers and government, get together to set the minimum wage to be effective in a fixed locality for an eight-hour day. In this fashion, government regulates and intervenes in the fixing of wages.

2. The Boards of Conciliation and Arbitration are the special courts created by the Constitution of 1917 to settle differences between capital and labor. Civil courts have been deprived of the right to intervene in labor conflicts.

These boards are the permanent tribunals for labor cases. They are tripartite, with government, worker and employer representatives freely elected every two years without intervention of the State. The action of these boards is compulsory in individual cases both economic and non-economic, but not in strikes. In the event of a strike, the boards can



intervene only when there is involved a question of strike objective, cooling-off period, or unanimous approval of the workers to strike.

The decision of the Boards of Conciliation and Arbitration, have been subject to varying interpretations during three different periods.

From 1917 to 1924 the Supreme Court ruled that the Boards of Conciliation and Arbitration could intervene only in economic and collective conflicts arising from collective labor contracts, excepting strike clashes.

From 1924 to 1934 the courts maintained the principle of a proper interpretation of the Federal Labor Law with the tendency to enforce the law itself with respect to individual conflicts.

From 1935 on, the intervention of the Supreme Court in many cases has been fundamentally based on political grounds. With the passing of the years this has created new situations, entirely unforeseen, sometimes progressive, but in a great many cases regressive and preposterously in opposition to the original constitutional text and to the Federal Labor Law.

This discussion of the status of Boards of Conciliation and Arbitration brings us to some fundamental questions: What are labor conflicts? What are they about? How is it possible to classify labor conflicts? What are the agencies in all countries which have charge of settling these controversies? How do the Mexican Boards of Conciliation and Arbitration actually function? What are the principal defects of the judicial organization in dealing with labor matters?

The Civil Law of 1912 recognized only one class of conflicts; namely, those arising from the individual labor contract. The conflicts with labor were those arising from lack of fulfillment of the obligation imposed by the individual agreement. These conflicts are what are now known as "individual labor conflicts." But the gradual evolution of the right to work gave rise to a new group of problems. The conflicts are no longer just conflicts between a laborer and his employer; they are now conflicts, clashes and strikes between groups. These were unknown to the old civil law and could not have arisen, because the penal codes of the past century prohibited, in principle, such gatherings of workers for presenting claims of a collective character.

#### BOARDS OF CONCILIATION AND ARBITRATION

The Boards of Conciliation and Arbitration of Mexico are the prime agencies separating the administration of labor law from the regular judicial system. They also intervene in the settlement of collective and economic conflicts, thus carrying out a constructive function.

This creative function of the Boards of Conciliation and Arbitration

is applied in two ways: (1) They have the power to study and to modify any individual labor contract and to decide whether or not the wages agreed upon are fair, or sufficiently remunerative. (2) In conflicts of economic character which are brought before them, they have the power to pass on the modification of labor conditions, the stoppage of work in any industry, or the collective termination of contracts. They may also intervene in strike situations. In this regard it is enough to say that this function is the most damaging. The State has often fostered and encouraged strikes, which are then settled in terms which reflect the attitude of the authorities.

I do not wish to give the impression that the State rules the trade unions in my country. There is real freedom of association. The intermingling of politics and union objectives, however, is very bad. When politics enter the trade unions, the unions lose their strength and in some cases their real independence. The leaders seek the favor of those in power and forget sometimes that their real duty is to help raise the standard of living of their fellow members.

#### MASTER CONTRACTS

Another aspect of Mexican legislation is that relating to the generalized application of collective labor contracts. In accordance with the old common law, the collective labor agreements are binding only upon the members of the contracting parties. In order to force their acceptance by those who do not belong to the contracting parties, there are only two methods available: either to obligate the dissenters to join the contracting groups or to give to the collective contract the force of general law to be obeyed by all. In reality the obligatory labor contract constitutes the application of a new legislative technique, namely, legislation by agreement between the parties. This formula was put into practice for the first time by New Zealand at the end of the century. It appeared tentatively in Mexico in 1925, and was definitely included in the Federal Labor Law of 1931.

Under the present law a majority of labor unions and employers in a particular industry can agree on a collective labor contract, which by virtue of a decree issued by the President of the Republic, may be declared obligatory all over the Republic. There are now a number of such master contracts in Mexico. To the extent that they apply to workers and employers who were not parties to the negotiations, the government again is intervening directly in the affairs of labor and management.

With respect to labor unions the State exercises a very important and influential position. It has always the means to make its decision felt.

When it has acted or given its opinion in one way or the other, the labor unions are always in agreement. In consequence, we have the typical case of political agitation and influence exercised by the State through the unions, sometimes damaging the State itself. This excessive intervention of the State in the relations between capital and labor demands careful thought as to the fate and future of these relations.

#### NEED FOR INDUSTRIALIZATION

The government has at last realized the need for Mexico to become industrialized. Without such industrialization it is not possible to raise the living standard of the people. In order for industry to flourish, an atmosphere of security and proper protection is essential. Otherwise private capital could not be expected to undertake the risks involved in the development of new industry.

Mexico is living today under a "Government by Law," although for political reasons it has not been possible to do away with all socializing theories and tendencies. The lesson has been a great and painful one, and it shows that the economic forces must be channeled within legal limits, and without this requisite it is not possible to speak of the prosperity of a country. However, there exists the very serious evil of the excessively powerful national labor unions, which by virtue of the "closed shop" have created a situation of labor monopoly which favors certain workers at the expense of others. In effect certain groups of laborers, such as the miners, old workers, those of the electrical industry, the sugar industry and others are given unwarranted hegemony and force. For this reason we have the increase in the cost of living which is seriously affecting the country. If the cost of living rises, wages rise, and as wages rise the cost of living rises, and the road to inflation continues.

#### SUMMARY

Briefly, it may be said that intervention of the State in capital and labor relations should be limited. It is not that we want to go back to the system of absolute freedom, to the *laissez faire, laissez passer* which logically leads us to anarchy. No right-thinking person believes that civilized society can exist without government, and without laws which prevent strife, laws which prevent the behavior of men from becoming so virulent that it could threaten to destroy the foundations of the social structure. The true function of government is the securing and maintaining of the proper equilibrium when social conflicts have created a situation of real danger for the organized existence of society and of the community. Such a function, together with that of purveyor of public services and a logical and reasonable legislative activity, should be the

limitation of the field of action of government. But the excessive intervention of government on the one hand, and the absence of such intervention in the case of strikes on the other, brings forth a coin of two faces, one side of which is disorder and misery, and the other anarchy.

It is a problem of avoiding excessive intervention, and only intervening when the public welfare and harmonious relations call for it. It has been said that strife between individuals and between classes is a natural phenomenon. It is *not* a natural state of affairs. Such condition is the abrogation of the most humane precept which is solidarity and coöperation. Therefore, the State should be an element of cohesion to obtain this solidarity and coöperation, and never an element of dissolution and rancor, or of favoring one group at the expense of the other.

The rights of labor are in full evolution and it is to be hoped that governments become conscious of the fact that it is not possible to tolerate abuses which jeopardize the stability of the State and are a source of danger to the community. Hence a formula must be found which does not imply excessive state intervention, which would lead to totalitarianism, in the administration of laws affecting capital and labor conflicts. We need a proper application of democratic principles and a respect for the duties and rights of the individual man. This means also the rights of the community as a whole.

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**IMPLICATIONS FOR THE  
UNITED STATES**

# Implications for the United States: Address

By DAVID A. MORSE\*

A REVIEW of the discussions of collective bargaining problems presented by other speakers participating in this conference indicates that the primary causes of industrial disputes in their countries are economic. They are generally concerned with wages, with hours, conditions of work, holidays with pay, and other economic matters. It might be pertinent to suggest that in the United States the problem also is basically economic.

There are two parts. There is the economic part, and there is the part which relates to the adjustment of disputes. If disputes are to be minimized in this country, with provision for adequate machinery for adjustment, a broad, progressive and comprehensive economic approach must be used. This must be concerned not only with problems dealing with hours and wages and conditions of employment, but housing, the liberalization of social insurance, health, welfare, and so on.

And as the economic problem improves and stabilizes as a result of the implementation of this program, so the handling of disputes which arise becomes more susceptible to easy treatment, and so also is the economy able to continue and flourish as a democracy.

## DIVERSITY OF APPROACHES

If there is any field in which there has been a diversity of approach from nation to nation, it is the field of industrial relations. Speakers on this forum have been in agreement that most countries seek to guide their industrial relations policies in such a manner as to achieve labor peace and at the same time retain freedom of action for employers and workers. The countries they represent lean toward individual freedom, modified by governmental restraint only where required as they see it in the public interest. Nations differ, of course, as to the exact line at which the public interest is interpreted as requiring restraint upon the freedom

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of action of the parties. This is natural and understandable. Different countries of different national heritages have reached varying degrees of industrial development and have different patterns of governmental, labor and employer organizations. These differences result in variations in the approach to industrial relations problems.

Mr. Lall and Dr. Wou have made clear the dramatic differences between the problems met in their countries and those in the United States. However, there are important variations between most of the major countries.

The United States is a new nation, relatively speaking. It is composed primarily of emigrants or the descendants of emigrants from other nations. Successive waves of immigration have brought large groups with widely varying cultural and national backgrounds. As those groups have been assimilated there has developed an American culture and an American mode of life and approach to life.

This diversified composition of the population has had an influence upon social and upon economic development. Many Americans have drawn upon their own experience or the experience of their immediate forebears in recommending solutions to social and economic problems. There has been, consequently, a great diversity of opinion within labor and management groups as well as other groups concerning such matters.

And the experiences of other countries have been studied before charting a new course. From all corners of the globe there have been gathered reports of the effectiveness of various approaches to industrial relations under widely differing conditions. From these reports conclusions have been drawn concerning the value of such approaches under the particular conditions existing in this country. And the conventions and recommendations adopted by the International Labor Conference have influenced the United States in a different way, perhaps, than China and India, but the influence nevertheless has been and is there.

Now some people do think of the United States as a country of complete *laissez faire*. They must be assured that although there is a free enterprise system in this country, there also is a great deal of legislation protecting vulnerable groups. One need only mention the Federal Trade Commission, the Interstate Commerce Commission, the Tennessee Valley authority, and other agencies to appreciate this rather important fact.

The failure of this country to adopt certain measures which some, who have addressed this forum, have found effective in their own countries is in no way indication of lack of appreciation of their value. The situation has been appraised in the light of governmental, employer and worker organizations and the decision was then made to do what was considered



best under the particular circumstances. Even the best medicine does not cure all patients. Different systems react in varying ways to precisely the same medication.

The final or best answer to industrial relations questions has not been found. Several approaches have been tried in the United States. One can find wide differences of opinion concerning the effectiveness of each. However, under a democratic system of government, if it is kept effective and vigorous, there is an opportunity for continuing review of the subject, and for trying a different remedy, congressionally or otherwise, when the present medicine does not cure our ills.

There must be no rigidity, nor must there ever be intransigence in the approach to labor relations matters.

#### SYSTEMS OF COLLECTIVE BARGAINING

The tradition of collective bargaining between unions of employees and their employers is almost as old as the United States itself. For many years, however, collective bargaining was limited only to a few industries and then only to the skilled craftsmen. Since World War I, and particularly since 1933, the practice of collective bargaining has spread throughout most industries and among all groups of workers, skilled, semiskilled and unskilled. It is estimated that the total number of union agreements or contracts currently in effect in the United States exceeds 100,000. These agreements do not follow a common pattern for all industries or even within a single industry. They differ in the manner in which they are negotiated, the subjects covered, and their contents as well. The Bureau of Labor Statistics, United States Department of Labor, has estimated that in 1946 almost 15,000,000 wage and salary workers were employed under terms and conditions set forth in written agreements. In manufacturing industries about 70 percent of the production wage earners worked under the terms of union agreements, compared with about 35 percent in nonmanufacturing industries.

Several industries, such as building construction, coal mining, steel, clothing, glass, and railroad transportation, were almost entirely organized by unions. On the other hand, in agriculture, retail and wholesale trade, beauty shops—which is becoming a great industry in this country—relatively few workers belong to unions.

Most written agreements usually include provisions dealing to some degree with the following important items: union recognition of security, wages, hours, vacations, holidays, seniority, layoffs, reemployment, promotions, health, safety, general working conditions in factories, and procedures to be followed in considering grievances of workers. The majority of agreements in the United States run for fixed periods, usually

one year, after which they may be automatically renewed by mutual consent or renegotiated by the parties. Some of the agreements contain provisions for special renegotiations of wages during the life of the agreements. Except for this point, perhaps, there is considerable similarity concerning this matter in the presentation given by Mr. Bjorck of Sweden.

Collective agreements between unions and associations of employers are the prevalent methods of regulating conditions of work and terms of industrial employment in many countries, notably Great Britain, Canada and Australia, and the Scandinavian countries. In France at the present time, due to the inflationary situation, wages are fixed by the government. The terms of collective agreements on other matters must be approved by the Ministry of Labor. In China a labor union has the right to bargain and to conclude a collective contract with the management on behalf of its members. In order to be valid, however, such a collective contract must be sanctioned by the proper government authority.

Assistance has been rendered to employers and unions in negotiating collective agreements by the governments of various countries. This assistance has taken different forms, not always legislative in character. Sir Guildhaume of Great Britain has pointed out that Great Britain has encouraged and aided both sides in establishing permanent joint industrial councils with regular meetings, procedures and terms of office. These councils which cover whole industries have made notable contributions to industrial peace, stability, and friendly relations between labor and management. They have frequently been the means of negotiating agreement or industry-wide standards. Sir Guildhaume made it clear, however, that it is the British tradition to leave negotiation of disputes to the machinery developed by employers and workers in each industry until its use of these has been exhausted. At this point the government may step in.

Mr. Waline from France has described the methods used by the French Ministry of Labor in convening the parties for the purpose of negotiation and agreement, making certain that the agreements cover a prescribed list of topics and then giving the agreement governmental approval and legal force applicable in the whole industry.

A striking feature of industrial relations in a number of European countries is the role of central federations of unions and employers' organizations in developing general policies in labor matters. These top organizations have been regularly consulted by governments on matters of common interest to labor and employers, and today that means, of course, a very broad range of problems. This consultation has included both legislative and administrative matters.

The other speakers have pointed out that in Great Britain, Australia, New Zealand, France, and the Scandinavian countries, these meetings are a regular feature of national life, as they are in Belgium, the Netherlands and certain other countries. The formalities of the machinery vary. It is the National Joint Advisory Council in Great Britain with its Joint Consultative Committees; it becomes *Council Économique* and various other councils for special purposes in France; in Sweden again, as Mr. Bjorck told us last night, Basic Agreements (master agreements) negotiated between the central federations of employers and unions have for a considerable period of time set the general pattern of industrial relations and have provided evidently an industrial code governing relations between unions and employers' associations in the individual industries. These Basic Agreements have regulated dismissals, boycotts, safety, and apprenticeship. The central federations have guided the negotiations of the industry agreements by their affiliated organizations.

#### PATTERNS OF GOVERNMENT INTERVENTION

Now practically all governments intervene in labor disputes under certain circumstances or in some stage, but many governments are reluctant to go to the extent of prohibiting strikes and lockouts and imposing compulsory arbitration. It is easier to arbitrate disputes arising out of the interpretation of agreements than disputes which arise out of other issues.

It is interesting to note again that Sweden makes arbitration of disputes concerning the interpretation of agreements practically compulsory and provides special labor courts for this purpose.

Since 1919 worker and employer organizations in Great Britain have referred many disputes to the industrial court. Arbitration of disputes arising out of interpretation of agreements is gaining acceptance in the United States. Stoppages during the life of an agreement are not regarded with favor here and organizations on both sides generally strive to prevent their occurrence.

Compulsory arbitration has long been in force in Australia and in New Zealand, but it is used only as a last resort after the labor-management machinery has failed.

The degree of government intervention in disputes over the negotiation of terms of employment seems to depend in most countries upon the effectiveness of the joint machinery developed by labor and management for the settlement of disputes. This, in turn, seems to depend upon the degree of literacy among the workers and the experience of both workers and employers in collective bargaining. In many countries factory committees made up of representatives of workers and management have

been very successful in preventing work stoppages by analyzing grievances at an early stage and redressing them before they reach a crisis. In some countries, such as France and India, these factory committees or works committees are required by law.

The Whitley Councils which perform these functions in Great Britain are not required by law, but in the course of their long and successful history they have been fostered and aided from time to time by the Ministry of Labor.

In the United States, inspired perhaps by experience in other countries, labor and management are making considerable use of factory committees. The Scientific Management Association in the United States is at the present time making a study of the work of these committees. Preliminary results of that study indicate that in many plants they are functioning effectively in relation to welfare and kindred problems, and in some they are providing valuable assistance in connection with the elimination of waste and with increasing productivity.

Nearly all governments including that of the United States have conciliators to keep in touch with negotiations and with situations that may give rise to industrial disputes. Several countries require that some state authority be notified of the existence of a dispute. Several require a waiting period before a stoppage can take place. This gives the public authorities a chance to try conciliation, to persuade the parties to agree to a negotiated settlement, or to accept a voluntary arbitration.

In Great Britain the Minister of Labor has, since 1940, had power to refer unsettled disputes to arbitration, and this provision continues in force with the consent of the top labor and management organizations.

In India as Mr. Lall has explained, the Industrial Disputes Act of 1947 makes a distinction between disputes in ordinary industrial establishments and those in public services. In the cases of disputes in ordinary industrial establishments the government may require arbitration of the issues if it considers it necessary in the public interest. In the case of public utility services the government is under an obligation to intervene and set up machinery adequate to the needs of the situation.

Mexico and most of the other Latin-American countries have labor courts designed to settle labor disputes without work stoppages. Arbitration is required by law in many of these countries but, none the less, strikes still do occur.

Now it is of great interest to note that recently in India labor and management groups have, on the initiative of the government, agreed to a three-year truce for the purpose of maintaining a high level of production. And in connection with this truce the Indian government has undertaken to provide central, regional and local machinery for the

major industries to deal with specific questions relating to production, wage fixing and conditions.

American employers and workers in the United States have generally agreed upon the inadvisability of imposing compulsory arbitration in this country. The results achieved by use of compulsory arbitration in other countries, either in peacetime or in wartime, have not been such as to convince the United States of the necessity or advisability of imposition of such terms upon employers and workers in this country. However, cooling-off periods, a device found in several other countries, have been introduced by legislation.

Now these waiting periods have been used to give an opportunity for the federal and state mediation service to be invoked. And here again it must be added for emphasis that there is no conviction that the final solution has been achieved. The experience of other countries with various methods for settling disputes is being followed with much interest. Every effort has been made to avoid restrictions upon the right to strike or lockout on the theory that the harm done by cessation of employment in a particular instance is not as great as would be the problems arising from drastic curtailment of worker and employer freedom.

#### AREA OF AGREEMENT IN INDUSTRIAL RELATIONS

In spite of these substantial differences among the various countries in their approach to industrial relations problems, among those who have participated in this forum there is wide agreement upon the basic aims of labor-management relations. There is increasing recognition of the fact that collective bargaining should be as unhampered as the economic, social and political situation of the particular country can possibly permit.

This basic agreement was dramatically illustrated at the 1947 session of the International Labor Conference when almost fifty nations participating through tripartite delegations representing governments, workers, and employers were able to agree upon resolutions concerning freedom of association and the protection of the right to organize and bargain collectively.

The 1947 conference also adopted a list of points to serve as a basis for the adoption of one or more International Labor conventions at the session which will be held in San Francisco starting the 17th of this month. In addition, the conference adopted a resolution concerning international machinery for safeguarding this freedom of association.

Now while the action taken with respect to these fundamental principles of freedom of association and industrial relations is only preliminary to future action, it demonstrated general international recognition of

the basic principles of freedom of association and protection of the right to organize and to bargain collectively. This high degree of unanimity portends future agreement upon international conventions in these fields.

The action of the 1947 session of the International Labor Conference in reaching agreement on the general principles of this vital subject is also an indication of the willingness of all participating governments to review their own experience in the light of experiences of other nations and wherever possible to reach a common understanding. It is this willingness to cooperate, it is this willingness to seek a common ground upon which differences may be resolved, which is the hope and inspiration of the world.

International machinery for peace cannot function effectively unless it is grounded on a broad base of international good will, mutual understanding, and cooperation.

# Implications for the United States: Comment

By FRANK P. FENTON\*

MANY of you will remember that Samuel Gompers, when President of the American Federation of Labor, was instrumental in the founding of the International Labor Organization in 1919. The high principles for which World War I was fought were exemplified in the League of Nations, through which it was hoped to eliminate future wars, and in the ILO and other organizations affiliated with the League, which were to improve the standard of living and social conditions for all people throughout the world.

One of the important statements in the charter of the ILO is that universal peace can be established only if it is based on social justice. The men who pioneered the ILO realized that in the modern world economic movements are an important part, hard to interpret but impossible to ignore. They established a tripartite organization with representatives from government, labor and management, based on principles of voluntary coöperation and discussion. The organization, through its annual conferences, has prepared resolutions and conventions dealing with various labor matters which have been a model to countries throughout the world.

The tide of reaction and isolationism in the United States, immediately following World War I, made it impossible for the American Federation of Labor to participate actively in ILO activities during the '20's, but in 1934 the United States became a member and the AFL became the official labor representative for the United States.

The AFL has at all times, and particularly today, realized the value of these conferences and has been active in informing labor throughout the United States of conditions in other countries. The AFL has realized that the days of isolationism are gone forever and that American labor must take an active part and have an intelligent understanding of conditions abroad. The AFL feels there is particular value in the tripartite nature

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of the ILO. It believes that coöperation between labor and management is the only practical method of solving the complex problem of industrial relations, manpower and production. It believes the government can play a valuable role as umpire, but it does not believe extensive government intervention, repression or regulation in industrial relations is part of a democratic way of life or consistent with our free enterprise system.

#### FREEDOM OF ASSOCIATION

One of the most important objectives of the ILO, in view of present developments, is the promotion of freedom of association. This matter was one of the basic charter objectives of the ILO and the June 1947 session of the International Labor Conference passed a resolution concerning freedom of association and protection of the right to organize and bargain collectively.

The resolution affirms the inviolable right of employers and workers to establish or join organizations of their own choosing without previous authorization. These organizations should have the right to draw up their constitutions and rules, to organize their administration and activities and to formulate their programs without any interference on the part of the public authorities which would restrict this right or impede its lawful exercise; they should not be liable to be dissolved or to have their activities suspended by administrative authority and should have the right to establish federations and confederations, as well as the right of affiliation with international organizations of employers and workers.

The resolution provides for certain guarantees to protect the right of association and collective agreement, in order to prevent intimidation, coercion or constraint directed against a worker because of his membership in a trade union, and to obviate interference by an employer or by employers' organizations with the constitution of trade unions.

The resolution further recommends the establishment of appropriate agencies to ensure the protection of the right of association.

This resolution will be brought before the ILO Conference opening here on June 17 and it is hoped that it will be adopted as a convention. As a convention, it must be referred by all the members of the ILO to their national legislative bodies for action.

This is one of the most important conventions that the ILO has considered in many years. It is basic to the whole philosophy of the American Federation of Labor and of the people of the United States. We have worked long and hard to build a strong and free trade union movement here and to gain the right to bargain freely and peacefully over wages, hours and working conditions. It has not been an easy fight by any means. The courts have been against labor; there has been government



by injunction; there has been the so-called "American plan" and the open shop whereby employers, through their organizations and through the courts, sought to break up labor organizations and keep their factories and workshops open only to nonunion workers. The fight is by no means over—labor has the Taft-Hartley Act now. But labor, management and the American people are agreed on the fundamental and basic rights of workers and employers to organize and the obligation to respect each other's organization. The right of both parties to bargain collectively over working conditions and embody the results in a written agreement without outside interference from government is recognized by all.

To be sure, the machinery is not perfect; sometimes it creaks and groans in a truly appalling fashion; and in the heat of controversy one side or the other seeks to bring the public and the government in on its side. But, on the whole, all agree on the need and the right of free collective bargaining.

Only by such means can the system of free enterprise be continued and with it the high American standard of living. Workers denied the right to express their economic demands and denied a fair share of the fruits of their toil are going to revolt and adopt the hopeless and pessimistic philosophy of communism and totalitarianism. They will feel that no improvements are possible and that death and destruction are the only answer.

The American Federation of Labor and the ILO will have none of this despairing Marxism. When labor and management respect each other, they can sit down and work out a problem of production and of wages. There have been many examples of labor-management coöperation in the solution of technical production matters, and the introduction of new machinery. The clothing trades unions in this country have been particularly successful in raising productivity in union shops so that organized employers could afford to pay higher wages. In England, tripartite working parties established at a national level in many industries, have made recommendations on the reorganization of industry for great technical efficiency.

Yet such coöperation can only occur when both parties recognize each other's rights; it can only occur after many years of patient negotiations; of trying to understand the other fellow's point of view and of making one's own point too.

#### INDUSTRIAL AND POLITICAL DEMOCRACY

Industrial democracy—the worker's right to speak effectively through his union—is the cornerstone of political democracy. Both industrial

democracy and political democracy must go hand in hand. Repression of free trade unions leads to the repression of all democratic rights. The Fascists' destruction of trade unions and the establishment of glorified company unions, in which both the government and employers tell labor what to say, is only the first step in the elimination of economic and political freedom for all groups.

Yet freedom to organize and bargain is not a gift to be had for the asking. Labor has fought for it. During the nineteenth century in this country, the government was usually a silent but very effective partner on the side of employers. Organized labor waged a long and hard fight for the right to exist and sometimes in its inch-by-inch fight through the courts, labor seemed to be going backward rather than forward.

At the beginning of the century from 1808 to 1840, there were six court cases in which trade unions were held to be criminal conspiracies. Then in 1840, labor won its first big case, in *Commonwealth vs. Hunt*, when the Massachusetts state court ruled that trade unions themselves were legal when formed for and engaged purely in improving wages, hours and working conditions.

This victory in the courts did not last too long, however, for employers found a new weapon in the temporary injunction which could be issued quickly on their request alone. This weapon was used most effectively in the big railroad strike of 1877, and from then on a flood of injunctions and later damage suits under the Sherman Anti-Trust Act ensued. In the most famous of these cases, that of the Danbury hatters, the union which struck and later conducted a national boycott on an employer was ultimately required to pay some \$421,000.

The AFL campaigned constantly against this use of the injunction; it thought it had gained a victory in the Clayton Act of 1914, but the courts helped employers find convenient loopholes in the act. Therefore, it was not until 1932 and the passage of the Norris-LaGuardia Anti-Injunction Act, that employers were finally denied the right to use an injunction whenever a strike threatened.

In 1935, after more than a century of long and sometimes bitter battling, organized labor obtained positive government recognition of its right to organize in the National Labor Relations Act. This act clearly stated that the welfare of the workers and the country lay in peaceful organization and collective bargaining. It prohibited employers from discriminating against union members or from interfering in any way with the conduct of a union. It required an employer to bargain collectively with the union representing his employees and to reduce the terms of agreement to writing. Under the protection of this act, trade union membership quickly doubled. The majority of American workers came

to realize that their chances of a better job lay through organized effort. Americans still believe in individual initiative, but they have learned that the rosy type of Horatio Alger progress from newsboy to millionaire is but a soothing myth designed to distract workers from taking strong trade union action to improve wages and working conditions.

#### PROPER ROLE OF GOVERNMENT

American labor has realized that the government through its courts and through its legislation is an important factor in labor relations. Yet neither labor nor management wants the government meddling in the day-to-day affairs of organization or bargaining. It is known that even where the government is democratic, such meddling leads to bureaucracy, rigidity and ultimately may lead to no collective bargaining at all. Both labor and management believe that the government will get far better results in terms of peace and production if it relies upon coöperation rather than regulation and repression. The extensive intervention in labor-management relations in this and other countries during the war and reconstruction period, was and is successful because labor and management agreed to it. The whole wartime National War Labor Board program was successful because labor voluntarily gave its no-strike pledge and supported the wage stabilization program. The English system of wartime compulsory arbitration was similarly successful because labor supported it and price and profit controls.

Government can also play a useful role in setting certain minimum standards which are to be supplemented by collective bargaining. In this country all would agree that legislation on minimum wages, hours, safety, child labor and workmen's compensation have been of great benefit. Protection has been clear, universal and simple in its application to workers who are as yet unorganized. But when it comes to the negotiation of an agreement covering more than these standards, labor believes that the government should keep a hands-off policy.

It is wished that a description of the American labor movement and its fight for the right to organize could end here, but alas! it cannot. There is the Taft-Hartley Act. During World War II in this country, the government with the consent of labor and management was involved in the settlement of a tremendous number of collective bargaining disputes. The National War Labor Board, upon which labor and management were represented, limited wage increases, and in the interests of maintaining uninterrupted collective bargaining, the board and its officials were involved in the far-reaching conciliation, and sometimes arbitration activities. By 1945, stoppages accounting for 81 per cent of all man-days lost were settled with government assistance.

With the end of the war, this type of government intervention was hastily withdrawn and at the same time price controls were weakened and then removed. Employers and unions had to some extent lost their collective bargaining ability and yet, as a result of inflation, labor was faced with a terrible problem of trying to increase wages sufficiently to meet the increased cost of living. The results were pretty bad—particularly during 1945 and 1946.

Yet the American Congress did not attack inflation or the problem of improving collective bargaining. It placed the blame on labor alone and passed the Taft-Hartley Act. This act seriously threatens the existence of American unions. It has brought the injunction back into the field of labor relations and has opened the way for damage suits against unions. The limitations on the union shop seriously weaken unions and make it possible for employers to hire antiunion workers. The requirements on union shop elections create an endless trail of complicated administrative procedures and involve the government in the negotiation of nearly every collective agreement in this country. The elections are completely unnecessary, for to date 90 percent of all workers have voted in favor of the union shop.

Yet American labor is still free and still 15,000,000 strong. This act has made the American labor movement realize that again labor must do more than win a strike. It must educate its members and the public. It must register and vote. There is a democratic government, and labor will speak at the polls in November. It is realized that the government is what the voters make it and labor must vote. It will elect congressmen who will again recognize and correctly apply the basic American principles of free trade unionism and free collective bargaining.

This forum and the ILO Conference are some of the opportunities offered labor from this country and from abroad to learn what freedom of association means and what a denial of that freedom means. It is a chance too for labor to argue out its ideas with management and with government, and to tell the general public, how it stands and why. The American heritage is freedom; it is wanted in politics, in unions and in collective bargaining. It is hoped that the rest of the world may learn much here and we know that there is much it can tell us.

# Implications for the United States: Comment

By J. D. ZELLERBACH\*

MR. MORSE has stated that most nations lean toward the concept of freedom with governmental restraint exercised only where required in the public interest. The basis for this concept is faith in the importance and the dignity of the individual. It is the belief that governments and institutions exist for the benefit of the individual. This faith is involved in an age-long conflict with every philosophy which seeks to make the individual the property of the State, the subject of a dictatorship, the slave of any power whether military, political, or economic.

## CHALLENGE TO DEMOCRACY

This faith in the individual is facing a new challenge at least as dangerous as the challenges of the two world wars. Perhaps those nations which are still fighting for the freedom of the individual are more conscious of this challenge than are people in the United States. But the challenge is also directed to America. In meeting it, one of the most significant contributions that can be made to the maintenance of individual freedom is the achievement of labor-management peace and understanding.

This goal of industrial peace and understanding is the responsibility of those who work with labor and management. It calls for a rededication of the principle that men are individuals and not commodities whose labor can be bought in a market place. The more intensely each person becomes fired with this faith in the importance of the individual, the more he will feel his individual responsibility. Much progress was made toward achieving this realization of individual responsibility in our tasks in World War II, but not far enough. The ILO, recognizing the importance of industrial peace and understanding as the foundations on which the shattered economy of the world must be rebuilt has

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scheduled this subject as the number one item on the agenda for the San Francisco Conference.

Americans can contribute importantly to a sound world by approaching our industrial relations problems with reason, not emotion.

Labor and management in this country are working today under a new set of rules—the Labor-Management Relations Act of 1947. The act deals with procedures and behavior in the process of collective bargaining. It is naturally absorbing a great deal of the attention of management leadership. Likewise it is absorbing a great deal of the attention of the leadership in every labor union in America. But there is a solemn fact which should enable both management and labor to stop worrying about the Taft-Hartley Act. It is the fact that totalitarianism provides no place for free management, free labor unions or free collective bargaining. It is the realization that these institutions are peculiar to the economy of a nation which is built upon freedom of the individual.

As a result of experiences during the three years I have served as U. S. Employer Delegate to ILO Conferences, I have one conviction which stands out above all others and that is, if representatives of management want to preserve a system of freedom of enterprise they must do whatever is necessary to preserve the freedom of organization of workers, and their right to bargain collectively. If those who lead organized labor want to continue the existence of organized labor, they must protect their freedom and that of management as well. And if all people together want to preserve the freedom of opportunity in the world of tomorrow, they must unite forces in a partnership of effort.

#### COLLECTIVE BARGAINING AND INDUSTRIAL PEACE

In this joint effort, collective bargaining should be one of the main channels for achieving industrial peace and understanding. What is meant by "collective bargaining"? What is its relation to the every-day activities of employers, of workers, and of unions? What understanding and appreciation of this institution is found on the part of the public, labor, and management?

Opinion surveys conducted in this country have developed the amazing fact that only one person in six or seven knows what one is talking about when he uses the term "collective bargaining." In one state on the Pacific Coast and in one on the Atlantic Coast, the words had no meaning to the great majority of the people who were interviewed. So far as a cross section of the public is concerned, the wrong dictionary is being used.

In contrast with this indication, it is shown in one of these studies that practically everyone understands what is meant by the "relations be-

tween unions and employers." Not only that, but the survey shows that those interviewed have definite ideas as to whether the relations in a community are good or bad. In most cases, those interviewed have definite ideas as to who should get the credit or the blame if the relations are good, or bad.

This has a meaning more significant than the mere fact that people in the street are unfamiliar with certain words, familiar with others. It means that the man in the street and the woman in the home do not recognize the everyday relations between unions and employers as the result of the process of collective bargaining. This is not merely a matter of unfamiliarity with the words "collective bargaining." It is an actual lack of recognition of the very nature of the union-employer relationship.

This public misunderstanding can be traced to several definite facts. First in importance, many or most of the union activities which are reported in the daily papers seem to be quite foreign to the function of collective bargaining. The jurisdictional strike, the secondary boycott, mass picketing, violence, slowdowns, "quickie" strikes, and many other dramatic labor news items, can hardly be defined as collective bargaining. The treatment of such events in the press, however, tends to identify these things as practically the whole pattern of union activities. When the average member of the public is asked about union-employer relationships he is more likely to think of these than the more typical but less dramatic activities. He does not read colorful stories about making wage agreements, adjusting working grievances, and the hundred other procedures which are being carried on day after day, in an orderly manner, in the established process of collective bargaining. This is not a condition peculiar to the activities of employers and unions. The American housewife who makes beds, bakes bread and raises a fine family never attains the headlines given the comparatively few women who shoot their husbands or get tangled up with other men. Tranquillity rarely produces a news item.

A second reason may be the fact that employers generally declare and reiterate their belief in collective bargaining, and at the same time denounce destructive union activities. They are so emphatic and consistent in this profession of faith in collective bargaining that the man in the street probably assumes that it is a true statement, whatever it may mean. But he *does not* and *will not* believe that these same employers have any belief in unions. When the same employers are quoted in statements which bitterly criticize certain union activities, the man in the street is likely to believe that they are antagonistic to unions. He is likely to assume that their belief in collective bargaining and their apparent an-

tagonism to unions are two separate things, and not inconsistent. He does not realize that a belief in collective bargaining demands a belief in unions. He does not know that collective bargaining is the principal business of legitimate unions. More important, he does not realize that the very activities of unions which management criticizes so bitterly, are factors which actually retard the progress and undermine the achievements of collective bargaining.

There is need for a great increase in public knowledge and appreciation of the practice and achievements of real collective bargaining. For example, on the Pacific Coast there has been ample opportunity to see bad relations between unions and employers, and good relations built around sincere collective bargaining. There have been years of bickering between some employers and some unions which represent their workers. There have been years of irresponsible violations of contracts by certain unions and their members. There have been even more years of orderly bargaining and honest performance of the bargains thus made. But the public probably hears and reads ten times as much about the irresponsible union and the hard-boiled employer, as it does about the orderly and honest conduct of labor relations such as those in the pulp and paper industry on the Pacific Coast, where an industry-wide agreement has been in effect continuously since 1934, with only a three-line item appearing in the press annually to record another year extension.

The status of collective bargaining in the public mind today is an unfortunate one. The public does not know the meaning of the words. It rarely hears or reads of the union-employer relations and agreements which we identify as orderly collective bargaining. And this same public is loudly rebellious against certain abuses by labor unions. Its rebellion threatens to result in laws and attitudes which will lose the values and gains of collective bargaining in an attempt to curb the nonbargaining activities of unions.

#### EMPLOYER ATTITUDES TOWARD COLLECTIVE BARGAINING

When one turns to the status of collective bargaining in the mind and opinion of employers, he finds a more hopeful picture. The average employer, particularly the average large corporation executive, does sincerely believe in collective bargaining, and does sincerely believe in unions. He has not come to this belief in most cases through studying a theory or a philosophy. Many such employers have reluctantly gained their experience in collective bargaining. In some industries they inherited an established tradition of union relationships. In others, they have been subjected to the experience by the power of the unions representing their employees. In still others, they have been forced into the



experience by the compulsion of law as typified in the National Labor Relations Act. Regardless of the way the experience began, the result has been that most employers today believe in the principles and actual practice of true collective bargaining. They believe that it promotes stability in our economy and that it is a wholesome exercise in real democracy. They recognize that wage earners man their jobs and deliver their services best under conditions which have been established by agreement on wages, hours and working conditions in which they have had a voice. They recognize the right of workers to attain these conditions through their organizations, and are standing firmly today against any legislation or any activity which will undermine the structure of true collective bargaining,

At the same time, intelligent employers are alarmed at the danger to the national economy and even to the national life which stems from the misuse of union powers for purposes other than collective bargaining. They see the danger that collective bargaining itself may collapse when the sheer force of organized labor is exploited for personal and political gains, or when it is used to destroy the productive ability of the nation and in some instances to pave the way for subversive propaganda. They realize the futility of a collective bargain which is ignored or violated by one of the parties. They sincerely hope that the collective bargaining system will not be destroyed by the irresponsible anarchistic practices of wildcat strikes, jurisdictional strikes and slowdowns.

#### ENLARGEMENT IN SCOPE OF COLLECTIVE BARGAINING

A third observation on the thinking of progressive employers is that these employers are recognizing a normal and desirable growth in the scope of collective bargaining. After both parties have demonstrated their willingness and ability to live up to the agreements which they have made, there can be a natural expansion of the fields in which they will try to agree. The limit has not yet been set on the subject matter which can be described as "working conditions." It is the hope of progressive employers, and it is reasonable to believe that it is the hope of a large section of the public, that the understandings reached through collective bargaining will produce coöperation on an increasing number of activities which affect the success of the employing enterprise; a success which is the first necessity for good working conditions.

This expansion of the subjects with which collective bargaining can deal is not to be judged by the bitter demands of some employers for contract protection against certain irresponsible activities of some union officers and members. An employer who has made a collective bargaining agreement in good faith, and has gone through a year of slowdowns,

unauthorized strikes, and violation of rules and agreements, is merely doing what comes naturally when he demands that his new contract carry practical guarantees by the union against such practices. But he is not expanding the subject matter of collective bargaining.

The best examples of this expansion will be found in those relationships where collective bargaining has been orderly, and where the collective agreements have been carried out in mutual good faith. In such a setting, it is a natural evolution in thinking to welcome the addition of new subjects to the list of things on which mutual agreement can be attempted. The first agreements are likely to be restricted so as to exclude matters which were once referred to as the prerogatives of management. The subject matter is limited as nearly as possible to wage rates, hours of work, overtime provisions, holidays, vacations, protection against discrimination in hiring, layoff and promotion. Experience which creates mutual confidence opens the way for discussion of safety engineering and safety education, and training of new employees.

#### STRONG AND DEMOCRATIC UNIONS

A final observation on the status of collective bargaining in the employer attitude is the growing recognition of the need for unions which combine strength and democratic procedures. This recognition is not general among employers. There are still many employers who believe that the dangers of union strength are greater than the advantages. But the thoughtful employer wants to deal with a union which is responsible, which will insure the performance by its members of all the obligations assumed by the union. He realizes that such responsibility can be found only in a union which has strength in the structure of its organization, strength in its leadership, and strength in the value of its service to its members.

The fear of many employers is actually generated by the abuse of power by some unions and some union leaders. The protection against this danger *cannot be found* in the weakness which is allied with irresponsibility. It *can* be found in the strength which is created and controlled by the internal democracy of the union organization.

This essential democracy within a labor union cannot be created by legislation. It cannot be accomplished by employer demands. It can be promoted by the constructive frankness of employers in dealing with unions and by a demonstrated willingness to credit the democratic type of union with sincerity and responsibility. Democracy in a labor union can be achieved only by the determination of its members to be a democratic union. While their organization is under attack by employers who seek to weaken it, union members are inclined to yield dictatorial

power to their leaders as a measure of defense, as a nation does in time of war. When the strength of a union is accepted by employers as a valuable factor in collective bargaining, the atmosphere is more favorable for the achievement of democracy within the union.

The status of collective bargaining must also be appraised in terms of the thinking and actions of the unions themselves, their officers and their members. There is evidence in many unions of a movement toward honest research and broader recognition of the economic facts. There is evidence of a decline in the power of subversive leaders, resulting chiefly from the exposure of such leaders. Prestige is growing for those unions which operate on a basis of true collective bargaining. We must be realistic enough to appraise these trends in the light of the sweeping change in public opinion, the widespread resentment against the demagoguery and dictatorship of some union leaders, and it is important to recognize that this same public opinion includes the opinion of millions of union members who are a most important portion of the public.

#### SUMMARY OF PROSPECTS

To sum up—the current status of collective bargaining in terms of public understanding and opinion is not good. There is an unfortunate lack of public knowledge of what the term means and what its true functions have accomplished. The status in terms of employer attitudes is encouraging, provided that collective bargaining can be divorced from certain destructive union activities which have obscured and retarded it. The status in terms of union attitudes is encouraging if the statesmanship, which is creating a trend toward responsibility, democracy and economic reasoning, becomes general. These trends in attitudes of employer and union can and will correct the public misunderstanding.

Over-all, the prospects for collective bargaining are promising. Through full and fair use of this institution, labor and management have an opportunity to achieve industrial peace and understanding in the United States, and by this achievement they can satisfy in large measure their responsibility to maintain the principle of individual freedom against the challenge which confronts it today.

In the history-making days ahead, there will be quite enough to do without having the record marred and the future clouded by any selfish lack of statesmanship in relations between employers and employees. If the American free way of doing things is to be justified, a better understanding is needed between these two elements of democratic capitalism—an understanding which in the public interest can help the teammates produce the goods needed, maintain the standards of living required, and guard the freedoms which we cherish.

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