OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.

DISCLAIMER

FAIR USE POLICY

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

DO 1441

ID

Distribution
Restricted

ID/WG.1/BP.16
November 1967

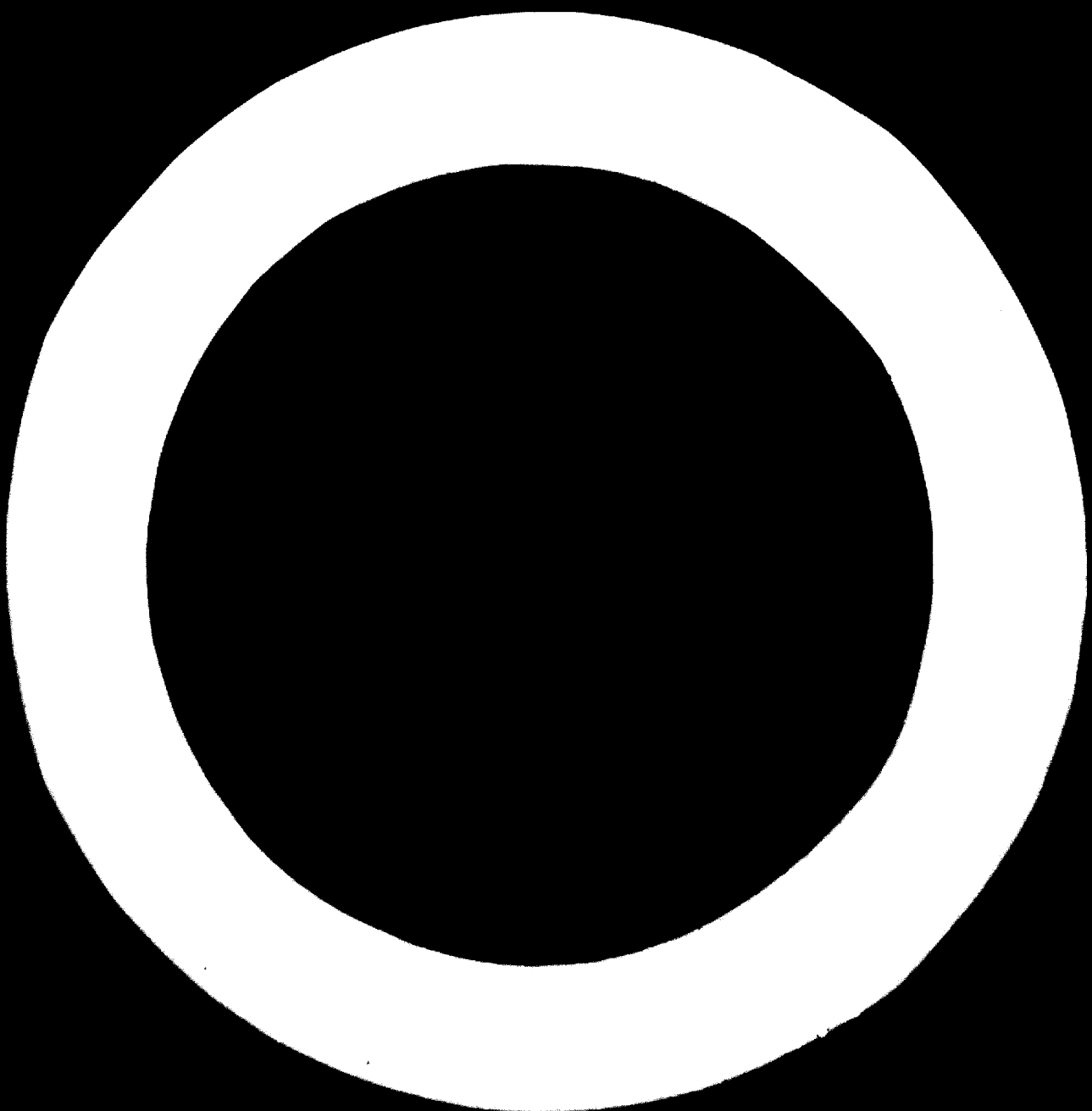
United Nations Industrial Development Organization

Original: ENGLISH

TRADE WITH CONSTRUCTION IN INDUSTRIAL DEVELOPMENT:

VARIETIES OF ECONOMIC AND SOCIAL EFFECTS

We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.



Trade Union Contributions to Industrial Development: Varieties of Economic and Social Experience

Table of Contents

FOREWORD

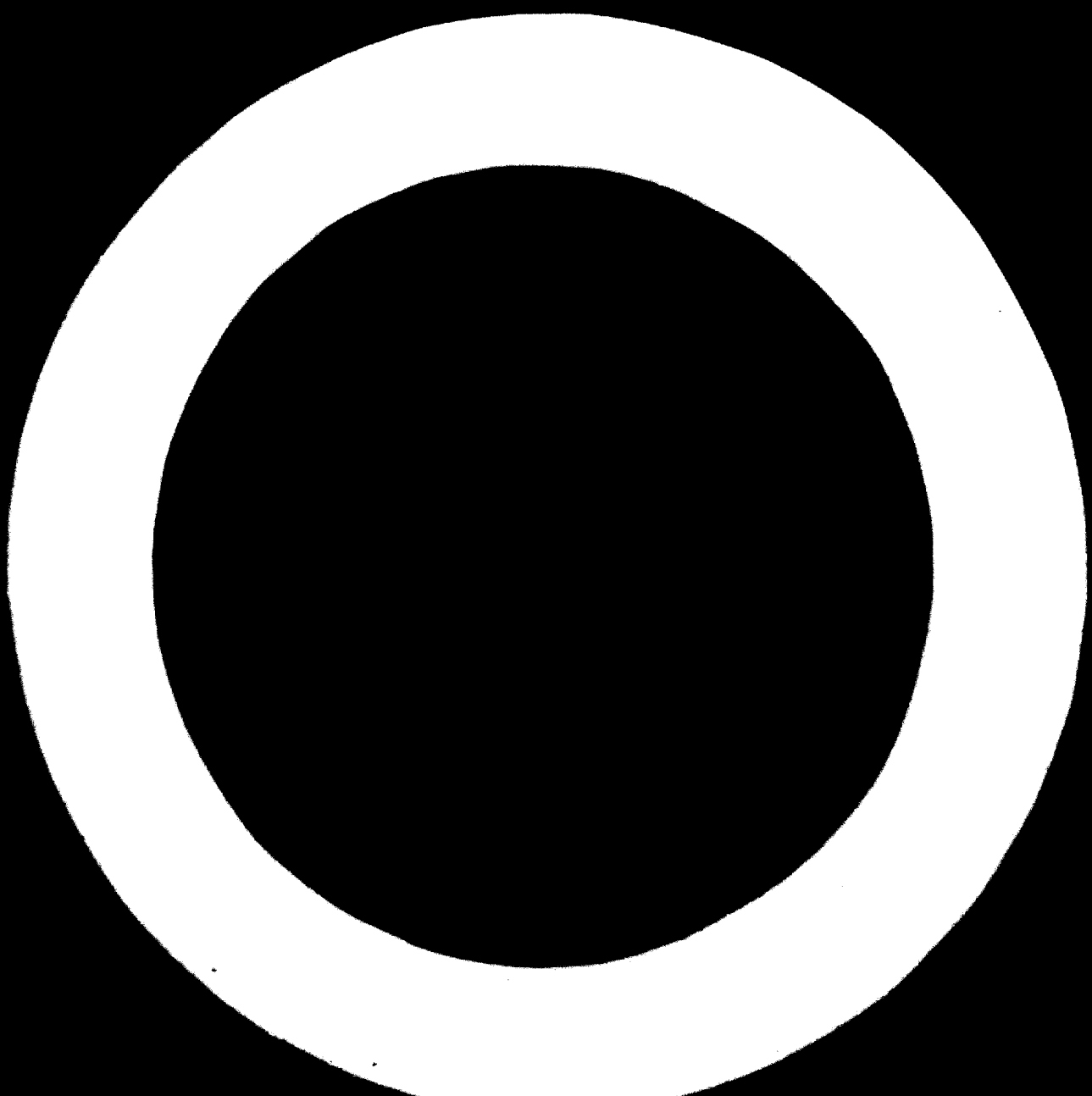
The Committee for Industrial Development at its Sixth Session in May 1966, endorsed the work programme of the then Centre for Industrial Development which included the undertaking of a study of the nature and role of non-governmental organizations and support services concerned with accelerating industrial development in developing countries.

The present report surveys various aspects of contribution to industrial development of a particular class of existing non-governmental organizations, namely, branch and national organizations of trade unions which are active in the developing as well as in the developed countries. The report is confined to trade union organizations that are non-governmental in the sense that they are neither a government department nor form part of a government apparatus.

The primary objective of the survey is to examine the participation of trade union organizations in various national and/or branch bodies whose activities are directly or indirectly aimed at the acceleration of industrial development, such as planning, productivity, management, training, co-operatives, and policies concerning the non-technical factors that affect industrialization.

The report in its treatment of the subject matter is directed at the developing countries, an attempt having been made throughout the report to examine especially such aspects of trade union participation in industrial development, whether in the developing or in the industrialized countries, as are likely to be of particular interest to the developing countries.

The report has been prepared by the Industrial Institutions Section of the Industrial Services and Institutions Division, United Nations Industrial Development Organization, with the assistance of Prof. Everett M. Kassalow.



Chapter I
INTRODUCTION

The role of trade unionism in the development process has barely been treated in economic and social literature. The very nature of trade union evolution in the West, where modern industrial development first occurred, made this almost inevitable. Development in the non-West, and particularly the newly developing nations of Asia and Africa, and to some extent Latin America, has posed new problems, including the need to consider more carefully the role of labour and trade unionism in this process.

This report is concerned with the non-collective bargaining contributions of trade unions to industrial development. The exclusion arises from the need to explore aspects of union development which are relatively neglected. Needless to say, it is not intended to suggest that the collective bargaining role of trade unions is negative so far as development is concerned. Indeed, the representation of workers, providing constructive channels for the solution of the wage and working conditions problems they encounter in the course of industrialization is a basic necessity if workers are to make their best contribution to development. Studies of collective bargaining by unions are, however, numerous, studies of their non-collective bargaining activities are not-ergo the structure of this report.

Any survey of the whole of union activity in industrial development (with the exception noted) must inevitably be selective. The broad areas chosen here are national economic and manpower planning, worker participation in management , labour management joint productivity efforts, industrial training, union cooperatives and direct economic action, and the union role in social security and social welfare. Under these broad headings an effort has been made to include all the major activities of unions which contribute to development.

To begin with, however, we have "set" the unions, historically, in the development process as it has occurred in the West, and as it is emerging in the new less developed nations. In so doing, we have also sought to explain the purpose of each of the major chapters in this report.

Unions and Western Development

Trade unionism in the West arose, by and large, as a defensive, reacting force to the impact of private property, capitalist-industrialist development. Looking backward that development itself was largely unplanned and spontaneous, and to some extent the same could be said of trade unionism--its appearance and development was almost one of instinctive protection on the part of the working classes.

Moreover when much of western unionism took shape, notably in Europe in the latter part of the nineteenth century, a number of major social and political obstacles confronted the workers, along with the economic tensions imposed by industrialization. The European working classes lacked equality in such basic citizenship matters as the right to vote, to the right to equal legal treatment and the right to education for themselves and their children.

When to these deep social and political inequalities was added the impact of rapid industrial development from the last half of the 19th century onward, it is not surprising that trade unions reacted sharply. Their "struggle" took place from the "outside" --beating against the economic and political barriers of the "system" to break down the obstacles to economic, social and political equality.

Under these circumstances not much thought or study was given to the role or contributions of unions in development <u>as such</u>. Their role seemed to be almost purely a reactive or defensive one.

It is only as students look back on the Western process of development that unionism can be better appraised Through its struggles for better wages and working conditions, for full citizenship rights for workers (voting,

education and the like), the labour movement was performing a critical task for a well functioning, modern industrial society. We can sum up this accomplishment by terming it the integration of the working population.

This process of integration which unions helped accomplish was critically important despite the fact that it took the form of a "struggle". The achievement of reasonable wages and working conditions, the reduction of worker insecurity by dint of collective bargaining and social security protective systems-- all these it would now be widely conceded are an essential part of an effective modern industrial system. Economists and sociologists would now nearly everywhere concede that effective production under modern conditions is best based on a system in which workers feel they are an integral part of the process, and not "outside" of it, struggling against it. The work of some sociologists argues strongly the higher productivity to be found where groups of workers are tied into production on a more voluntaristic basis, in which they do not feel totally alienated from the industrial system.[1)]

The "struggle" of labour unions for the many benefits which were gradually achieved for workers in the West was not usually in any conscious way aimed at "contributing" to economic development. Yet the manner in which these achievements served ultimately to integrate the worker into the industrial system, contributed enormously to the effectiveness of this system. It is also well to recall that the very

---

1) This does not mean that conflict, and particularly labour-management conflict over wages and working conditions disappears under modern conditions. Indeed, so long as there are hierarchical differences in functions and position in industrial society, so long as one can define a managerial as opposed to a worker function it seems likely some conflict and tension will persist in the workplace, or even in the planning process of modern society. But this type of tension and these differences are not of the same order of those which characterized labour's earlier struggle which tended to be from the "outside" of the entire system, and to an important extent against the system itself.

process of capital accumulation and industrial development itself was not, generally, a conscious, directed process in the West, before the twentieth century.

Aside from helping to integrate the working classes into the modern industrial society, recent research on economic growth suggests that the very emphasis and priority which labour movements compelled Western societies to give to improved wages, health, education, housing and the like were also contributing to the development process. This research strongly argues that effective social investment is not a purely humanitarian matter, but has a positive relationship to more rapid industrial development.[1)]

It is fair to say, then, that as we judge the situation today trade unionism and general labour development have reached a state wherein the working classes, and labour movements are well integrated in most Western industrial nations. This is mirrored in the many new types of activities in which unions have been engaged, particularly in the past thirty or forty years. We refer here to union participation in economic planning, industrial training, participative management, etc. These functions could not have taken full root before the integration of the labour movement took place. Besides, many of the new planning activities designed to improve industrial growth are themselves fairly new to the West.

The integration we have been describing, is, however, a relatively recent attainment. It is not surprising, therefore, when we examine some of the new forms of union-management and union-state cooperation such as labour participation in management, or labour participation in central economic planning, that in a number of instances these have had only limited success in the West. The situation could hardly be otherwise against the background of the long history of struggle and conflict carried on by the unions for recognition, decent standards of living and the like. The manner in which development has proceeded in most Western nations also has made for sharp functional differences between labour and management-differences

---

1) The investment in human resources and its relationship to union activities in development is dealt with in detail later in this introduction.

which may not be easily bridged in new institutions, differences which perhaps need not be bridged fully or everywhere in view of the general "success" in development already enjoyed by most Western industrial nations. But this, as our report will show, is not meant to minimize the major contributions already being made by individual Western unions in the fields of training, industrial and manpower planning, as well as in the effective promotion of social investment in health, housing and other areas.

Unions and Development in the New Societies

Economic development in the "new" societies, the less developed countries, is proceeding in a way quite different from that of the West in many respects. Nearly everywhere one finds the State playing a major role in this process. Conscious planning, for accelerated economic growth blankets development efforts in Asia and Africa, and to some extent in Latin America.

Critical decisions on investment allocation, manpower training, wages and other working conditions are as often as not subject to state decision, as to private enterprise decision. Even where a great part of development task is left to private management in some less developed countries, this often proceeds under guidelines laid down by the state.

Under these circumstances it appears almost inevitable that trade unions must embrace some functions and activities in the new societies almost unknown in early union development in the West. For "self-protection" alone, workers and unions must seek to influence state decisions on investment planning, wage decisions, social welfare programmes and the like. The very wages and working conditions of union members will often be influenced as much, if not more, by state action, as by the decisions of enterprise-management.

For its part, as it seeks a path of accelerated development, the State, in many instances will strive to enlist the active support of all groups in the society including the mass of workers and their unions. The absence of a large, private entrepreneurial class and sector often makes direct dependence on other groups for development greater than was true in the West. Again, the findings of modern sociology which suggest the possibilities of greater productivity where cooperation is wider provide an additional incentive to enlist the more active support of workers and their unions. One can, therefore, anticipate that unions in the new societies will come to that more "integrated" role in society at a date relatively far in advance of Western unionism.

Clearly the very forms of industrial organization and

development in the new societies are different from those under which Western development proceeded, and it would be surprising if this also did not affect union development to some degree.

Workers who are drawn into the industrial processes today in the less developed countries often start with great handicaps, as: lack of education, lack of urban experience, lack of a craft-guild history and tradition such as existed in the West. They are not, however, confronted with some of the bitterly unequal sense of status as regards legal, political and social class inequality that was the lot of workers in so many Western nations as industrialization was getting under way. Struggles for voting rights, equal access to education-- these and other barriers, at least, generally, do not have to be hurdled by workers in the new societies. The pressure of world opinion and the prestige and influence of the I.L.O. also contribute to place new country unionism in a setting different from that which confronted labour in 19th century industrializing Europe or the United States.

This does not mean that all of the "traditional" functions and activities which Western unions have come through and partake of, will be beyond the experience of new country unionism. It does suggest, however, that the emphasis given to one set of activities or another will be different from that experienced in the West. It also suggests that new country unions will be caught up more quickly into playing a conscious role in the more consciously directed development processes in the new societies.

The very awareness of the need for development, and the very awareness of the vast opportunities for tapping the accumulated scientific and technological know-how of already developed nations helps set new priorities and open new possibilities in the less developed countries today. At the same time the awareness of high standards of living and development elsewhere makes for strain and tension among large parts of the populations in the new societies. Canalizing this heightened sense of awareness and these greater possibilities calls for a greater effort on the part of trade unions and other key institutions in the new societies.

Development in the West, for a long time, proceeded without much conscious purpose and direction. It can hardly go the same way in the less developed countries. Truly what may be called for in many less developed nations today is a virtual ideology of development. As one student observes, "To break the barriers of stagnation ... in the service of economic development ...", to bear with the pressures of rising expectations, calls for "a much more powerful ideology than was required to grease the intellectual and emotional wheels of industrialization in the West."[1] The unions can undoubtedly play a role in "firing" this ideology; but to be effective the role must be one in which unions perform real functions and help represent the real needs and interests of their members, and not a role in which they serve as mere transmission lines for a development ideology of sacrifice.

Chapter II of this report presents examples of the manner in which unions have come to particiapte in economic and manpower planning which has become so widespread in both the older and the newer societies. As understanding of the potential psychological and productive value of positive worker participation in the managerial processes at the plant and enterprise level has grown, so has the numbers of unions which have worked their way into these processes in various countries. This aspect of the potential union contribution to economic development is dealt with in chapter III. Chapter III A extends the discussion of union-management cooperation to the area of productivity centres which have been established in a number of countries.

While unions have participated in the different systems of apprenticeship training for skilled craft workers in a number of Western countries, it is only in recent years that they have entered into the broader fields of industrial training geared to the whole of economic development. Some of these experiences, as well as some new country union experience in training, are described in chapter IV.

---

[1] Alexander Gerschenkron, Economic Backwardness in Historical Perspective, Frederick A. Praeger, New York, 1962, pp. 24-26.

Social Investment, Economic Growth and the Union Role

As development has come to be a more deliberate process in both the already industrialized and newly industrializing nations, it has also become a subject of more intensive study and restudy. Ideas and concepts which were long taken for granted about the "causes" of development have undergone reexamination.

Of special importance for trade unions and for workers have been the new insights that have come as a result of the research on the importance of human factors in development. The United Nations has, of course, been a leader in this new research into the importance of the investment in human resources as a force for more effective development.[1)]

Until recently physical capital has been all-important and central to the development process, in the writings and theories of almost all economists. A recent American textbook on development sums up this attitude as follows:

> "In the view of many economists, capital occupies the central position in the theory of economic development. Development brings with it ... an increase in population and the labour force. Since land is fixed, barring discovery of a frontier, the land labour ratio must decline. An increase in output per worker, therefore, would appear to call for an increase in the capital/labour ratio. In this view the process of economic development is one of replacing shovels with buldozers, scythes with reapers, three horsepower of machinery per worker with ten horsepower. Capital is regarded as not only as central to the process of development, but also as strategic,..2)"

As the study of development has been intensified in recent years, however, the work of important economists both in England and the United States, has suggested that the presence or non-presence of conventional or reproducible capital cannot account sufficiently for the magnitudes of development in the West.

---

1) Report on the World Situation, United Nations, New York, 1961. This study will be referred to in more detail below.

2) Charles P.Kindleberger, Economic Development, McGraw-Hill, New York, 1965, P.83. It should be noted that Kindleberger himself does not subscribe to this "traditional" view of development.

Solomon Fabricant in the United States, found that as he measured U.S. economic growth between 1919 and 1957, it came to 2.1% per year; but he could account for only 1% of this, or one half of the increase by the additions of conventional inputs of more capital and added hours of labour, during those 38 years. Added capital alone would account for only part even of the 1% increase. A study of the long run growth of the British economy noted that "capital accumulation could account for, at most, one-quarter of recorded economic progress," and it added that "there is great danger that the importance of capital in relation to economic progress will be exaggerated."1)

From whence came the additional half to three-fourths of the rate of economic growth? A series of studies by Theodore Schultz of the U. of Chicago and his collaborators leads to the conclusion that our view of investment as purely a conventional or reproducible capital accumulating process has blocked our fuller understanding of what goes on in development. Reproducible capital is only one of the sources of investment for growth. The investment which society and individuals make in health, education, housing, science, research and the like also helps account for economic growth. Studies done under Schultz, for example, reveal an 11% return in terms of lifetime income, on "investment" in high school and college education in the United States. (This investment takes into account earnings foregone by students who remain in school rather than go to work earlier, as well as society's investment in schools, teachers and equipment.) Investment in health facilities and research adds greatly to the life expectancy of the population (as well as to its vigor) to the extent that in 1960 the U.S. work force was more than 20% larger than it would have been

---

1) The American study is by Solomon Fabricant, Basic Facts on Productivity Change, National Bureau of Economic Research, Occasional Paper 63, New York, 1959. The British paper is A.K. Caincross, "The Place of Capital in Economic Progress," International Social Science Bulletin September, 1953. A convenient summary of this "new" view of development can be found in the chapters contributed by Theodore Schultz and Lee R.Martin to Paul D.Zook, editor Foreign Trade and Human Capital, Southern Methodist University Press, Dallas, 1962.

had mortality rates continued unchanged from 1900 onward.[1)]

Economists have hitherto defined "investment" too narrowly Schultz and his colleagues have argued, and in so doing they have hidden from view a large part of what helps to produce economic growth.

Working along similar lines, but on an international scale, the United Nations has sought to determine the relationships between the "investment" in such social "items" as education and health and patterns of economic growth. Generally it found significant correlations between higher investment in these social areas, and the economic rank of nations.[2)]

While recognizing that not all social programmes, at all points in time, can be regarded as contributing to development, the U.N. Department of Economic and Social Affairs has concluded, "The concept of human investment serves to correct an oversimplified picture of economic growth." [3)]

Carrying the work of the U.N. farther, two economists, Galenson and Pyatt, completed a study for the I.L.O. which established significant statistical correlations between the rate of investment in health, education, housing and social security on the one hand, and the rate of economic growth in some 52 countries. While problems of causation are difficult to define with finality, in these relationships, the I.L.O. study concludes, along with the U.N. report, that "many social expenditures which have been regarded as primarily in the nature of consumption are, in fact, investments as well: a view that is gaining wide acceptance."[4)]

---

1) See Theodore Schultz, editor, Investment in Human Beings, The Journal of Political Economy, October, 1962, Supplement and Theodore Schultz, "Investment in Human Capital," American Economic Review, March, 1961.

2) Report on the World Situation ...op.cit., especially Chapt. III.

3) Ibid., P.31

4) Walter Galenson and Graham Pyatt, The Quality of Labour and Economic Development in Certain Countries, International Labour Office, Geneva, 1964, P.22.

In particular, Galenson and Pyatt study found that as they ranged the various social investment factors, and related them to rates of economic growth country by country, "For all groups of countries, social security improves the explanation of this rate of growth better than the other labour quality factors ... For the groups of less developed countries the most impressive improvement in the explanation of the rate growth of labour productivity is observed when the health factors [i.e. the investment in health programmes] are combined" with other investment factors.[1)]

We have dwelled on this point for several pages since the implications of this new concept of investment and its relationship to development has great importance for union activity. Much of the traditional union drive for added social security as well as union participation in cooperative housing and health programmes which economists have tended to regard as purely consumption type activities can now be reconsidered. In many respects these activities can be regarded as part of the development process, forms of investment in human capital whose effective implementation is important for maximum development.

This is not to suggest that all capital or "extra" income can now be turned to investment in social expenditures under pressure from unions. But it does suggest that by advocating and participating in social security and welfare programmes, by taking the initiative through cooperatives to provide housing for workers, the unions are helping to complement the investment in human resources which is a vital part of the economic growth process.

We have therefore devoted a large part of chapters V and VI to the ways in which some unions have been effective in these areas. These activities have long since come to be accepted on "humanitarian" grounds-the new light which has been shed on the development process and social investment should reinforce the development value of this aspect of union

---

1) Ibid. P.14

activity in the new societies. Finally, to the extent that these types of activity are less conflictive in nature than some other traditional union activities, they may also strengthen the general atmosphere of development.

Chapter V deals with the union role in social security and welfare development, which, of course relate closely to some of these newly appreciated social investment areas. The chapter on coooperatives also includes some of the industrial coop activities sponsored by unions, as well as description of union coop housing efforts. In addition this chapter includes some description of conventional "coop" activity which may not be directly related to development. This has been kept to a minimum, but could not be avoided entirely if a "rounded" picture of a given union's cooperative activity was to be presented.

Within the six subject areas our method has been primarily to describe effective instances of union contributions. Our selection of material has been, then, to some extent, dictated by a desire to concentrate on successful ventures, where possible. Sometimes, particularly in the case of the new, less developed countries, sheer lack of "years", of course, made it essential, to include new examples, which are not yet fully proven or tested. Finally, availability of written materials also had some influence in determining the examples to be included, although the report has also drawn upon the author's conversations and visits in different countries.

Where possible some critical evaluation of union efforts in these fields, has been included, but the extensive nature of the problems and the material often made it necessary to concentrate upon description and formal arrangements.

The sources employed have been primarily of a labour "character" since the subject is union contributions. The report is concerned with the unions first and the subject areas second. For example, in the chapter on unions and cooperatives there is no technical description of cooperatives, but just a bare outline of them, with the main concentration upon the unions' role in various cooperative efforts. Under social

security there is no detailed description of benefits provided, but the union role in planning and administering benefit systems in different countries.

The report, inevitably, moves back and forth from developed to less developed country examples, although in several chapters these are divided as between more and less developed countries. Generally the examples begin with those from Western countries. This has been done because the material there is more plentiful and also because Western industrial experience is so much "older".

It should go without saying that the subject areas or the examples are not intended to be prescriptive. They are intended to illuminate the general possibilities of the union role in the great and difficult drama of development which confronts so many of the new nations.

Chapter II

UNION PARTICIPATION IN ECONOMIC PLANNING*

* This chapter deals with union participation at the highest levels of the economy, notably at the national level. To accomplish the objectives of national level planning unions (along with other groups) may also participate at the industry-wide level, and this chapter incorporates this area of activity only as it relates to national planning processes. The chapter does not include union participation in planning and management at the enterprise or establishment level, as this is described separately in chapter III below. The union and manpower planning is treated as a separate section in this chapter. The union role in training is treated in Chapter IV.

Union participation in economic and social planning processes has had about it an almost optional character in many of the older industrialized nations; although as unions are increasingly "integrated", and as planning becomes more widespread in these countries, labour is almost inevitably drawn to play a role in it.

For the newly developing country unions to "abstain" from participation in planning would be virtually impossible. Planning is too pervasive and too deliberate a process to be ignored or opposed. This is true even though the new country unions come to planning responsibilities with less experience

and often fewer trained leaders than is the case of the older labour movements.

New country governments themselves, generally see the necessity for worker and union participation even more clearly than has been the case in the already industrialized nations. This is a wise course, for as the distinguished sociologist W.F.Moore has observed, we "now know enough of human motivation to suggest that economic development is literally revolutionary anyway," and "it may be facilitated by sharing responsibilities and giving up sole reliance on contractual and market incentives, or the yet more dismal use of economic and political duress."[1)]

As the various parties concerned widen their understanding of the positive possibilities which can result from the closer association of workers and their unions in a cooperative effort to accelerate economic development, it is likely that the union role in planning will become even more common.[2)]

With the formal abandonment of laisser-faire economics by just about every nation in the world in the post World War II era, economic planning of some type or degrees can be found in every industrial or industrializing nation. The types and forms of planning, however, vary from country to country with each having some features unique unto itself. To illustrate the general varieties and types of union experience in planning we have chosen France in the West (and to a lesser extent Great Britain and Austria), India as a major developing nation and Africa as an area where planning is perhaps most widespread in the new nations. (Briefer references are made to other areas and countries. We have chosen different country examples in the section on unions and manpower planning.) To some extent the choices were dictated by the length of union experience in planning processes, the nature of the planning and the availability of written materials.

While it is true as regards an understanding of virtually all trade union behaviour, perhaps nowhere else it is as

---

1) Wilbert E.Moore, The Impact of Industry, Prentice Hall, New Jersey, 1965, P.44.

2) The psychological and productivity advantages which may stem from greater worker participation are discussed in the first part of the next chapter.

necessary to make the explicit, precautionary statement that the nature of a country's economic and political organization deeply conditions any trade union role. Obviously national planning and the union role therein is one thing in an economy largely geared to private enterprise and private management, and another in which the state owns and/or manages most of the country's industries. The same goes for political organization, the effectiveness of the union's role in governmental planning processes is significantly related to the extent of its influence in the political life of the nation and its government. This report is not concerned with these related areas, but they should be kept in mind.

French Unions and Economic Planning

French unions have favoured economic planning for many decades. As early as 1919 the majority trade union movement "was already bringing out its first Plan, designed to rebuild the country's economy in the interests of the whole community"[1] French union interest and participation in planning stems from its desires to expedite social and economic development. Additionally, it is the unions' belief that some economic problems of workers cannot be handled at the micro or collective bargaining level.

---

1) Gabriel Ventejol, "Trade Union Analysis and Appraisal of Programming in France" International Trade Union Seminar on Economic and Social Programming, "Supplement to the Final Report," Organization for Economic Cooperation and Development, Paris, 22-25, October, 1963, p.7. Since we shall cite this document and a companion volume it is well to note that three of the major French Central labour federations participated in this meeting, namely Force Ouvriere (FO), Confédération Française des Travailleurs Chrétien (C.F.T.C. now retitled C.F.D.T.) and the Confédération Générale des Cadres (CGC), the Confederation Generale du Travail (C.G.T.) has come only lately to participate in the planning process in France and still seems less accepting of current planning concepts and machinery. See Jean-Jacques Bonnaud, "Participation by Workers' and Employers' Organizations in Planning in France, "International Labour Review, April, 1966, P.354. Bonnaud is an official in the French Planning Commission.

René Bonéty, French trade union leader states:

> "There are some economic problems which by their very Nature cannot be dealt with by collective agreements, and on which nevertheless the trade unions have something vital to say: housing, state education, public health and more generally all the public facilities affecting the well-being of the workers. Sharing in planning gives trade union organizations the opportunity to express their preferences with regard to all these questions in which they are closely concerned." 1)

Finally, the French unions participate in the planning process to help transform the society to achieve certain ethical standards.[2)]

Union participation in the economic planning process begins in France with the Economic and Social Council.[3)] Of the 175 members of this council, all of whom are appointed by the government, forty-five are representatives of manual and white collar employees. The overwhelming majority of them, 43, are nominated by the four major central labour federations. The Council has broad responsibility to advise the government on important social and economic questions as well as to propose and pass upon proposed changes in social and economic legislation.

Since 1958 the Council has also been given the right and the responsibility to pass upon the nation's economic plan which is submitted to it by the Commissariat du Plan. (These plans are generally for periods of five years.) Union representatives function at all levels of this Council and at times have been selected for top positions within the organization. One French union leader was the first President of the precedent agency to the present Economic and Social Council.

---

1) Quoted in International Trade Union Seminar on Economic and Social Programming, Final Report, Organization for Economic Cooperation and Development, Paris, 1964, P.17.

2) Ibid. P.16.

3) French unions also are represented on the Conseil Supérieur du Plan-- The Higher Council for the Plan. This body reviews the general lives of proposal planning, but has only limited advisory powers.

The concern of this report will be primarily with the formulation of the actual economic Plan itself in France, and the unions' role in this formulation. But the unions' role in the Council itself has considerable importance. The Council presents reports on such subjects as plans for the modernization of industry, foreign exchange, and trade, the integration of Europe, energy policy, the evaluation of wages and salaries, the financial status of the social security system, housing and construction and other important economic and social problems.[1)]

The union representatives have used the Council and these subjects to articulate their own views on these important policy issues. The French government's Official Journal includes, along with the Council's policy statements, the amendments which have been proposed and rejected as well as the votes thereon. The union proposed amendments and positions are especially important since the actual opinions and reports of the Council "are often the fruit of compromise". The amendments, even when rejected, show the unions' positions. Durand also notes that participation in the Council's work has compelled the unions to look beyond their immediate day to day problems, to broader economic areas. At the same time it has enabled them to elevate discussion of wages and salaries into the framework of the total economy. It has also given the unions the opportunity to meet on a working level with top thinkers in social, economic, scientific and cultural fields.[2)]

Unions and the Administration of the Plan

The core of French planning is the central Plan which is elaborated by the Commissariat du Plan. This agency's work is pointed toward the preparation of an overall plan which is set forth approximately every five years. Planning in France is essentially indicative, and sets forth goals or targets which are established by a process of consultation between the key economic groups of the population, including unions,

---

1) Paul Durand, La Participation des Travailleurs à l'Organisation de la Vie Économique et Sociale en France, Communauté Européenne du Charbon et de l'Acier Haute Autorité, Luxembourg, 1962, pp.26-27

2) Ibid. pp.26-28

employers, farmers, and others on the one hand, and government experts and technicians on the other. All these opinions and views being also finally subject to the views of the Economic and Social Council and the Parliament's approval or rejection.

The plan itself is essentially voluntaristic and basically sets forth guidelines to assist labour, management, other economic groups and government in adjusting their policies and actions to the targets envisaged or projected in the years ahead. To the extent that the Plan and its various targets influence government action, it becomes something more than purely indicative or voluntaristic. Thus, choices as regards public investment, housing, etc. obviously weigh heavily with government officials who have responsibility in these areas. Again, the government also has considerable "indirect" power to influence levels of investment, what types of manpower will be trained, etc. The unions have not been satisfied that government has employed its powers sufficiently to help implement the Plan.[1)]

The principal form of particiration, on the part of interest groups, is through the so-called modernization and equipment committees (hereinafter called modernization committees). These consist of experts and government officials, representatives of employers' organizations and heads of enterprise, and representatives of workers' organizations. In principle the employers' and employees' representatives are chosen in their individual capacities, in practice they are nominated in agreement with the organizations, and the workers' representatives are selected on the basis of lists presented by each union federation.[2)]

Union membership on these committees has been fairly limited in size. For the fourth plan, for example, union representatives on the various modernization committees numbered 114 of a total of 1000 members. At the same time there were 239 representatives of employers' organizations, and 198 "heads of undertakings", public and private.[3)]

---

1) Ventejol, op.cit.,pp.12-14
2) Bonnaud, loc.cit.,pp.342-343
3) Ibid., P.344

The French unions have not argued for the principle or a formula of absolutely equal representation on the modernization committees. French union leaders, however, have complained that the "9% representation" afforded the unions on the modernization committees is far too small to permit labour to be fully effective.[1]

The Commissioner General (top officier of the planning agency) proposed that the number of places offered the representatives in the modernization committees be doubled for the Fifth Plan. The numerous committees and sub-committees (where members need not be full titular members of the modernization committees) have involved at least 4000 people in this aspect of the planning process. Once again the number of union leaders (among these 4000) who derive important understanding and experience as a result of the system is impressive.[2]

Work of Modernization Committees

The modernization committees are "vertical" and "horizontal" in character. The former deal with all the problems in a particular sphere "defined either as a given economic activity (agriculture, iron, and steel, chemicals, housing) or as a category of budgetary expenditure (educational investment, social and health investment, water urbanization, social benefits.)" Each of the horizontal committees deals with a problem common to several branches of the economy (e.g.finance, manpower,productivity, regional development, scientific research)...[3]

The representatives of employers and workers usually defer to the government members when it comes to choosing rapporteurs for each committee, but the chairman is usually a head of an undertaking, either from the private or public sector. Each committee may set up sub groups. The Committee on Manufacturing Industry set up six horizontal sub groups while the Committee on Mining and Metals set up only one, on research, which

---

1) International Trade Union Seminar ... Final Report...,op.cit., P.40.
2) Bonnaud, loc.cit., P.343, and Durand, op.cit., P.28
3) Bonnaud, loc.cit.,P.343.There were 32 separate modernization committees for the Fifth Plan opposed to 10 for the first,20 for the second, 24 for the third and 27 for the fourth.

was divided into mining research and metallurgical research; the full mining committee took for itself the "horizontal" problems, rather than set up subcommittees for coal, iron, etc. Special liaison machinery is set up to help coordinate work between committees.[1)]

Until now, it has been these modernization committees which supply the Commissioner-General of the Plan with basic information on the possibilities of growth within their given areas, possible variations, and estimated budgetary and investment needs required to achieve these projected levels of activity in the future.

These reports are reviewed by the Plan officials, the Economic and Social Council and the Parliament. A report of preliminary planning objectives is then drafted by the government (in the Plan agency), and the Prime Minister informs the modernization committees of the decisions. The committees, in turn, then attempt to prepare a report which balances their particular sectors, with the Plan's overall formulation, in terms of projected sales, foreign trade, investment, manpower requirements, productivity, etc. "Mutual consistency of the reports of each committee ... is ensured by a system of discussions leading to freely agreed adjustments or else to arbitration."[2)]

The union representatives participate in all this committee work. In some cases they complain of lack of sufficient information being provided to the committees. On the other hand in some committees the material is too voluminous. There is also, at times, an impression that the public authorities and employer groups have had "the real discussion ... beforehand," and the union representatives are coming in when most of the main questions have been settled.[3)] These appear to be criticisms on detail rather than any fundamental attack on the planning. (The exception of one Federation, the C.G.T., has already been noted.)

---

1) Ibid., pp.343-345.
2) Ibid., pp.346-347
3) Ventejol, op.cit., P.14

To promote voluntary collaboration, particularly by trade union planning committee members, the French government pays travelling expenses and twice the daily wage for lost compensation. The government is also making important contributions to help unions improve their training and research activities in connection with their planning activities and responsibilities.[1]

Some major changes are being made as the Fifth Plan is getting underway. The Plan officials will begin by drafting a report on the main alternative lines of development. This will then be submitted to the Economic and Social Council which will, in turn, give its views to the Parliament. The latter at this early stage will have an opportunity to give its views on the main elements of the Plan, namely the rate of expansion, regional development, production and consumption targets, etc. The modernization committees will, therefore, begin their work with knowledge of the views of Parliament and the Economic and Social Council.[2]

The unions are pleased with this changed procedure since they feel they will be able to make an early expression of their views on overall goals and issues through their representatives on the Economic and Social Council, and by representation to members of Parliament. The unions also believe, they can "take advantage of this new procedure to draw up, before the initial report of the Commissariat General du Plan comes out, our own memorandum on the basic policies which the trade union movement as such hopes to see adopted by the whole community."[3]

(Note: Some of the general issues and problems which planning has posed for the unions will be discussed below. We have not dealt with the problems of regional planning within the framework of national planning in France. Considerations of space dictated this, but suffice to say that representation

---

1) The Role of Employers' and Workers' Organizations in Programming and Planning in the Metal Trades, International Labour Organization, Metal Trades Committee, Eighth Session, Geneva, 1965, P.34.
2) Ventejol, op.cit., P.19
3) Ibid.

is provided for economic interest groups at the regional as well as the national level.)

Unions and Industrial Planning in Britain

Planning in Britain, as in France, is also of an "indicative", essentially voluntaristic character. While post World War II governments in Britian took many steps to influence the economy, it is only since 1961 that it can be said that economic planning on a large scale has come to Britain. As it came to Britain, planning embraced a more direct and initiating role for unions (and management) than has been the case in France.

In 1961 the government in agreement with labour and management announced the establishment of a National Economic Development Council. It consits of 20 persons including the Chancellor of the Exchequer, (who serves as chairman), the Minister of Labour, the President of the Board of Trade, six employer members, six trade union representatives (nominated by and considered as representing the British Trades Union Congress, the country's central labbour federation), the Chairmen of two nationalized industries, two academics and the Director General of the NEDC.

The Chairman of the Council at its first meeting in 1962 defined the task of the body as: (1) that of examining the performance of the country with concern for future plans in both the private and public sectors; (2) NEDC was to consider obstacles to quicker growth, and how greater efficiency could be achieved; (3) NEDC was also seeking to increase the rate of growth.[1] No economic subject was to be excluded from the Council's discussions. It set itself the task of preparing a report studying the implications of an improved annual rate of economic growth.

A small staff was assembled for the Council. The critical decision making power lay within the body itself, supported by its own staff. It was, therefore, quite independent of regular government agencies.

The Council issued its first report in 1963. It included a summary of inquiries into seventeen industries in order to

---

[1] The foregoing paragraphs are based on conversations in England, newspaper clippings, the Economist, the reports of the Trades Union Congress, etc.

determine if these could cope with the demands for more rapid growth. The report went on to examine whether the resources, natural and human, of the natives were adequate to meet the projected, overall rate of growth, 4% per year. It also examined the impact of this growth on savings, investments, consumption, exports, science and technology, etc.

As the NEDC has advanced it has found it necessary to establish special committees to examine the problems of particular industries, "little Neddies" as they have been termed. These committees have the "function of collecting information about the economic performance [of their own] industry and assessing its prospects against the overall economic expansion forecasts of the NEDC". The latter, in turn, also uses the date gathered in the little NEDDIES.[1)]

The first nine economic development committees (NEDDIES) included the following industries: chemicals, paper and board, wool textiles, electronics, electrical enginneering, machine tools, mechanical engineering, chocolate and sugar confectionery, and wholesale and retail trade. Others have been formed as needed.

The little NEDDIES are being kept small, about 15 members for each. Generally they have averaged six management representatives and four trade unionists. The trade unions have agreed "that the achievement of an exact balance of members is of less importance than the opportunity to bring influence to bear, in a planning context upon employers and government."[2)]

The latter quotation gives the clue to the work of the NEDC and the little NEDDIES. As the Secretary of Trades Union Congress' Reserach and Economic Department has stated, "the potential strength of the NEDC lies in the fact that it provides a forum in which agreements can be reached between the Government and the two sides of industry." In turn, for these agree-

---

1) George Woodcock, "Economic Planning in Britain," Free Labour World, Jume, 1964, P.17. Woodcock is General Secretary of the British Trades Union Congress.

2) International Metalworkers Federation Bulletin, Geneva, December, 1965, pp.19-20. Also see Woodcock, op.cit., P.17.

ments to have value, he emphasized that the Council itself must be independent of the regularly established Ministries and have its own staff.[1)]

The Trades Union Congress, like the French unions, accepts the fact that planning in Britain is only indicative; but like the French unions it also believes the government can do more to ensure the achievment of the various targets for the economy and for particular industries, which the plan(s) set forth. "The Government will have to be prepared to use sanctions where they are necessary to secure the achievement of key targets. This means that the government will have to develop and co-ordinate the planning functions of its own Departmental machinery."[2)]

Labour

Late in 1964, the British Government undertook to reform the NEDC. It lifted that agency's planning staff out, and placed it in a new body, the Department of Economic Affairs. The latter was to become the principal economic planning ageny of government, above NEDC, the Treasury, and other bodies. The NEDC and its industry groups continue to have the resporsibility for setting the industrial targets, within the new broadened planning framework.

Wages or Incomes Policy and Planning.

This problem is dealt with only in summary form here, since the central concern of this report is with non-bargaining activities of unions.

As they have moved into a planning role, one area of particular difficulty for Western unions has been the reconciliation of "traditional" bargaining for wages and related benefits with the new planning mechanism and programmes.

---

1) Lionel Murray, "Trade Union Analysis and Appraisal of Programming in the United Kingdom," in International Trade Union Seminar on Economic and Social Programming, Supplement ..etc., O.E.C.D., op.cit., P.27.

2) Ibid., p.30. Late in 1965 the Labour government issued a new general plan for the economy. It sets forth general investment targets, public and private, as well as specific industry, production and investment goals. To this is related manpower, trade, productivity, etc. This plan was developed in close consultation with the NEDC and the little NEDDIES. A summary is contained in Working for Prosperity, the National Plan in Brief, HMSO, London, 1965.

At the least, if wages are to be tied to the planning machinery, it becomes necessary to take in all forms of income (profits, rents, etc.) and look toward an "incomes policy", which also has implications for taxes, prices and the like. A substantial number of Western unions, however, reject the concept that economic planning must necessarily involve acceptance of an "income policy."[1)]

Where incomes or wage policies have come into operation they have involved a variety of arrangements, these range from: dependance upon top level negotiations between the central union federation and the top employers' association with only informal consultation with involved government agencies, as in Sweden; or basic administration by a government agency in which unions and management also participate, as in the Netherlands; and a mere promulgation of guide posts, by the government for labour's and management's guidance in the wage-price fields, as in the United States.[2)]

The experience of the Austrian Trade Union Federation in the wage-price field has been an interesting one. As a result of the difficult tasks of reconstruction, foreign trade and general inflationary pressures this Federation came to accept

---

1) Ibid. pp.49-58. Also see E.M. Kassalow, "National Wage Policies: Lessons to Date, Europe and the U.S.A.," Industrial Relations Research Association, Proceedings Nineteenth Annual Winter Meeting, 1966, pp.125-137, and H.A.Turner and H.Zoetewej, Prices, Wages, and Incomes Policies in Industrialised Market Economies, International Labour Office, Geneva, 1966.

2) On Sweden's wage bargaining there is a large literature, a good survey is contained in T.L.Johnston, Collective Bargaining in Sweden, Harvard University Press, Cambridge, Mass.,1962, esp. part V. A good up to date summary of the experience with wage-price policy in the Netherlands is to be found in Murray Edelman and R.W.Fleming, The Politics of Wage-Price Decisions, University of Illionois Press, Urbana, 1965, Chapter 5. For a "statement" of the guideposts in the United States, see Economic Report of the President, January, 1966, U.S.Government Printing Office, Wash.,D.C., pp.88-93. For brief descriptions of the wage setting process, including the operation of wage or income policy systems in a number of countries, European and the U.S.A., see William Fellner, et.al., The Problem of Rising Prices, Organisation for European Economic Cooperation, May 1961, pp.281-488.

the necessity for the establishment of a Joint Wage and Price Council. The union representatives sit in this body, along with representatives of employers, government and major political parties and pass upon both wage and price decisions in an effort to insure stable economic growth.[1)]

1) See Anton Proksch, "The Austrian Joint Wage and Price Council," International Labour Review, March, 1961

Soviet Trade Unions and Planning*

It is somewhat awkward to describe separately or isolate the role of Soviet trade unions in that country's planning process. As the International Labour Organization reports, "...the Soviet trade unions perform a wide range of functions- some independently, some in cooperation with state bodies and some which would be regarded in other countries as functions of the Government itself..." For example, matters which are usually covered by collective agreements in some countries, may fall within the industrial relationships between the trade union and the state in the U.S.S.R., or be dealt with by legislation.[1)]

This situation is additionally complicated by the fact that in recent years the role of Soviet trade unions vis-a-vis factory production efforts has been expanded. To help improve output, standing production conferences have been established, under which factory (or construction site) trade union committees are "to associate the workers with the responsibilities of management ..." These conferences are composed of members elected by the general meeting of the factory personnel, those appointed by the factory trade union committees as well as by the Communist Party and scientific and technical organsations. The conferences are intended to help in the "execution of production plans, increasing productivity and encouraging improvements in both organisation of work and welfare standards..." in the factory.[2)]

The factory production conferences sometimes propose major changes in their plant or its equipment. Such was the case at a major steel establishment at Kouznessk, where the suggestion

---

* The special character of trade union functions and state relationships in the U.S.S.R., has led us to combine a description in this one section of union activities on behalf of production at both factory and national planning levels. Generally, however, examples of union activities in other countries at the production, plant-managerial level are found in the next chapter.

1) I.L.O., The Trade Union Situation in the U.S.S.R., Geneva, 1960, p.120

2) Ibid., p.110

was accepted by the State Planning Committee of the U.S.S.R., with resultant large increases in production, at relatively low cost. These factory production conferences render an account of their activities to the union in the plant, twice a year.[1)]

Related to efforts to increase production in the U.S.S.R. is the programme or philosophy of "socialist emulation". Under this "doctrine" union and management "are responsible for reaching the planned production targets, " and to do this "they also cooperate in the maintenance of labour discipline ..." Discipline here is a "mixed principle whereb, merits are rewarded and infractions stigmatised." Awards by the unions may include "diplomas and prizes" for improved production by individuals or groups and ideas to enhance the same. Union "discipline" may take the form of the union shop committees critizing neglect, wastefulness and the like of some workers at factory meetings. If offenders persist, the trade union committee may employ the factory "notice boards" to hold them up to ridicule and criticism. Management exercises the right of dismissal or demotion in severe breaches of labour discipline, subject to the consent of the union factory committee.[2)]

"Socialist emulation" goes beyond the individual worker, and his efforts. It also embraces programmes involving "competition" between enterprises, or, rather, the "constant exchange" between them of theonical advances. Exchanges between two watch-making factories (in Moscow and Penza) for example, are reported to have resulted in productivity advances up to 15 or 20 percent. The Central Council of Trade Unions assumes major responsibility for this exchange of methods and techniques as between plants.[3)]

The trade unions have also been strong supporters of the Society of Inventors and Methods Specialists, which has more

---

1) P.Petrov, Activités Professionelles des Syndicats en URSS, Soviet Union, 1959, p.15.

2) I.L.O., Trade Union Situation in the USSR, op.cit., pp 103-105

3) Petrov, op.cit., pp.8,19

than one million members, who have been contributing to improving production methods.[1)]

With regard to state planning in the economy, the Central Council of Soviet Trade Unions "is entitled to tender advice to the Soviet Government on the draft economic plans insofar as labour questions are concerned ..." the trade unions are also consulted in the planning process at regional, provincial and republic levels.[2)]

In drafting its national economic plans, the I.L.O. points out, the U.S.S.R. takes into account three main factors, "namely the production targets, the number of workers required, and the wage fund." The trade unions take "part in the discussion of all labour and wage aspects" and pass upon the final version of the plan. One of the crucial decision points for workers is the determination of "the wage fund" for the whole country, at the national level. The "State Planning Committee usually calculates and proposes the amount of the fund." In drafting this proposal, consultation is carried on with various Ministries of government as well as the All-Union Central Council of Trade Unions. If agreement is not reached between an agency of government and the A.U.C.C.T.U., the matter goes to the Supreme Soviet for final decision.[3)]

Individual (category), national trade unions for the different industries, at their Congresses, hear reports on production goals and plans from the Central Council of Trade Unions as well as the heads of various departments and ministries. These Congresses have been particularly interested in technological problems including mechanization and automation.[4)]

---

1)Ibid., p.11. I have translated the French word "rationalisateurs" as methods specialists. This is awkward, but it seems most nearly appropriate in this context. In an English pamphlet, a U.S.S.R. writer terms it a society of "inventors and rationalisers." A.Verbin, Soviet Trade Unions Today, Moscow (no date), p.54.

2)A.Piatakov, "Labour Administration by the State and Trade Unions in the U.S.S.R., "International Labour Review, June, 1962, p.562

3)I.L.O. Trade Union Situation in the USSR ..op.cit., pp.98-99

4)Verbin, op.cit., p.54

Indian Unions and Planning

The use of tri-partite boards and committees is widespread in India, particularly in the settlement of labour-management policy. It is somewhat difficult to separate this widespread system of consultation and regulation into those aspects of it that relate directly to general economic planning, as opposed to the more limited labour-management relations field.

Economic planning in India is centralized in the Planning Commission which works directly with the Prime Minister. In the very first stage of planning it is this body which lays down certain "long term targets as provisional guides" for the ministries of government responsible for different aspects of economic development. These ministries later submit separate sectoral programmes to the Planning Commission. The latter drafts a general plan memorandum which is then discussed and modified by the government, which in turn submits it to the Parliament.[1)]

At this stage the draft plan is "freely obtainable by the public and interested bodies." The plan in its final form, then, reflects criticisms, suggestions and amendments which have been proposed to the Planning Commission and been judged acceptable by the latter.[2)]

Interest groups such as management and labour participate in this process of criticizing the plan, but essentially on an advisory basis. Of the advisory groups which work with the Planning Commission from a "labour" view-point, the most important is the Labour Panel which includes representatives of the employers and the union federations. It was established to help formulate labour policy for the Second Five-Year Plan. (India is now in the throes of working through various aspects of its Fourth Five Year Plan.) Chairman of the Panel is the Minister of Labour. Among the subjects commonly discussed by the Labour Panel are employment objectives, rationalization, productivity and industrial relations. The Labour Panel also helped pave the way for labour participation in management.[3)]

1) W. Engineer, "Trade Unions and Plan Formulation in India," International Labour Review, September, 1963, P.265.
2) Ibid.
3) Discussed in Chap.III of this Report.

The Labour Panel also functions as a sort of sub-committee for other labour bodies such as the Indian Labour Conference.[1)]

The Indian Labour Conference is a national advisory body consisting of government representatives from both the central and state governments, and an equal number from employers' and union organizations. All four of India's major labour federations participate on a proportional basis, with the largest federation holding 4 or the 9 labour seats, the next two federations having one each, and the fourth holding one seat.[2)] The Conference functions almost in the manner of the I.L.O., with a very broad agenda, including many major phases of national economic policy on which it makes its own recommendations. The latter are not binding on Government, but a number have been implemented and they carry considerable weight.

As an example of its work, the fifteenth Indian Labour Conference held in July 1957 had on its agenda the issue of industrial rationalization. The Conference agreed that rationalization should only be effected by agreement between employers and unions. If no agreement is forthcoming the issue was to be submitted to arbitration or adjudication (to the Indian labour tribunal system-roughly the equivalent of a labour court system.) The guiding principles in any plan for rationalization were to include: (1) no retrenchment cr loss of earnings for existing employees; (2) an "equitable sharing of gains accruing from rationalization between the community, workers and employers;"(3) a proper assessment of work-loads to be made by management and unions, and "suitable improvement .... in the working conditions."[3)]

The agreement of this Conference has had considerable influence on the subsequent pattern of rationalization although the unions insist it has not been followed completely. In effect this agreement became part of the Second Plan. It is an

---

1) Ibid., pp.267-268
2) Ibid., P.269
3) V.V.Giri, Labour Problems in Industry, Asia Publishing House Bombay, 1959 ed., reprinted 1965, pp.178-179

example of the impact of a high level tri-partite advisory body on an important aspect of planning and industrialization.

As the unions have come to participate in the planning process they have also struck out in a more independent fashion. In 1965, two years before the Third Five Year Plan was to be completed, the Indian National Trade Union Congress (the largest of the Indian labour federations) issued its proposals for the Fourth Five Year Plan. It reviewed the labour targets of Plans one, two and three, and criticized their shortfalls, particularly as they affected labour. INTUC examined the various labour proposals which had been made in the first three plans such as: provisions for labour participation in management; the abolition of contract labour; improvement of industrial relations in the public sector; etc. Alongside of each such proposals it added a progress to date report on the achievement of or progress toward this particular target.[1)]

INTUC then went on to set forth its views as to what the Fourth plan should do about agriculture, prices, wage policy, productivity, industrial relations, social security and other subjects. While the range of subjects covered is wide, the themes to which the INTUC report constantly returns are vital labour matters as employment, living standards and related matters.[2)]

Other labour federations also set forth their views on the planning needs though not always in the same detail. The journals of the various union movements are employed periodically for comment on the plan as it is being developed.[3)]

The labour role in Indian planning is essentially advisory then. This advice, at least so far as formal channels are concerned, is usually carried on through tri-partite bodies. The latter are awkward in character and often find it hard to reach an effective consensus. Even when agreement between the three parties is reached there is complaint that government sometimes fails to implement the bodies' decisions.[4)]

---

1) Labour Policies and Programmes in the Fourth Five Year Plan, Indian National Trade Union Congress, New Delhi, 1965, pp.4-15.
2) Ibid., pp.16-66
3) See for ex. Hind Mazdoor, Feb:,1965, "Labour and Planning". This is the journal of the Hind Mazdoor Sabha, another major union federation.
4) Engineer, loc. it., pp.276-279

It would appear, however, that even this limited participation has value in at least partially associating the unions with the planning process. Moreover, even though the impact of advice may be slow, it does have long run value and influence.

Planning and African Unions

Aside from specialized fields like manpower or social security which are treated elsewhere in this report, a number of African countries, particularly the ex-French colonies, have established national economic and social councils. These can be found, for example, in countries like Central African Republic, Chad, Cameroun, Congo (Brazaaville), Gabon, the Ivory Coast, Upper Volta and in North Africa. The advice and guidance of these high level councils are imporant, and they are regarded as "the country's highest forum for economic and social affairs."[1)]

Representation in these bodies is generally intended to insure participation from all walks of economic life. Workers and employers are always included, though there is variation as to whether labour representatives are directly appointed by government or are nominated by their organization.

The principle of workers' participation in this work is often embodied in the basic law of the country. The Algerian Charter laying down the planning framework states:

> "No planning is possible without the concious participation and the active agreement of the workers...This participation must include not only the execution of the plan, but also and particularly the development of the plan." 2)

The powers of the councils vary, but they are broad, in the entire social and economic field. The Ivory Coast, for example, provides that the council must be consulted on "draft economic and social legislation." The council also has the right to propose reforms itself to the President, and it may present its views, even when not necessarily called upon, on "the execution of economic or social plans and programmes." The Council in Gabon which functions much like that on the Ivory Coast is tripartite, with seven worker members (designated by the workers' organizations), seven employer members and seven persons with special qualifications in economic and social

---

1) Industrial Relations in Certain African Countries, International Labour Organization, Labour-Management Relations Series: No.22, Geneva, 1964, P.145.

2.) La Charte d'Alger, ensemble des textes adoptés par le premier Congrès du Front de liberation nationale, August,1964,P.74.

matters.[1)]

The Economic and Social Council of the Central African Republic has a somewhat different structure of representation. It includes six representatives of government, six of producers, three of the employers and three of wage earners.[2)]

These bodies may meet on an ad-hoc basis or periodically, but usually at least once a year as is the case in Gabon, or quarterly as in the Ivory Coast. They usually have established sub-committees to help carry out this work, and generally have a permanent secretariat. The council members have a status similar to members of parliament and receive certain fees for their work.[3)]

These councils are new, and as the I.L.O. has commented, "it would be premature to pass judgement on the part that ... [they] can be expected to play in practice ..." The employers' and workers' organization, in most cases, have been difficult "to associate ... to any real extent with the work of the planning agencies" generally. They often tend to lack technical competence and time. But there appears to be growing interest in this work, and their future "will largely depend on the importance that governments and employers' and workers' organizations attach to them. In many cases, however, they have been able to display their authority by helping to draft a number of major measures or programmes."[4)]

Unions in East Africa primarily in the ex-British colonies, have had more limited participation in planning. Their activity has tended to take the form of submitting memoranda to the various planning bureaus. The Uganda Trade Union Congress, for example, requested the state and the Central Planning Bureau in such memoranda, to establish employment bureaus throughout the country, to build training schools for middle

---

1) Industrial Relations in Certain African Countries ..., I.L.O., op.cit., pp.145-146.
2) Ibid., P.147.
3) Ibid., P.147
4) Ibid., pp.143 - 144, 147.

level manpower, to standardize wages and hours of work, and to revise the Provident Fund and other social security schemes.[1)]

1) W.O.Elonga, "Economic Planning and Trade Unionism in East Africa," Free Labour World, May, 1966.

Unions and the Planning Process in Latin America

Union participation in national economic planning has made only modest headway in Latin America.[1] The Ministers of Labour in the Latin American countries have, however, stressed the necessity to expand this labour presence, but as a 1963 report to an Alliance for Progress meeting states:" ... the practical ways in which such a principle can be applied have not yet been established ..." The necessity for representation of labour on development boards, planning councils and the like is increasingly stressed.[2]

Workers are represented in a few bodies such as: the Economic and Reconstruction Programming Committee, a consultation committee set up by the Chilean government in 1960; the Economic Advisory Panel to the National Council for Economic Policy set up in Colombia in 1963; the Advisory Planning Council of Peru which meets under the chairmanship of and advises the Director of the National Planning Institute.[3]

The foregoing and a few other examples of labour "participation" in planning do exist; but union participation in any substantive degree is quite limited in Latin America. The I.L.O.recently observed:" Even where the different systems of planning described ... provide for participation by the employers' and workers' organizations, it has been found that the practical effect is usually limited or non-existent ..." The Trade Union Advisory Committee of the Pan-American Union, after circularizing 9 national trade union movements, concluded, "there is no effective participation by the trade union movement in the national planning system," although some unions

---

1) This subject was the concern of a very ciritical report made by a group of internationally recognized trade union specialists in 1962. Labour Participation in Economic and Social Development, Ref. Doc.8 Inter-American Conference of Ministers of Labour, the Alliance for Progress, 1963. It should be added that Latin American nations, as a whole, engage in planning to a lesser degree than is the case with the other developing continents, Asia and Africa.

2) The Participation of Organized Labour in National Economic and Social Development under the Alliance for Progress, Bogota, Colombia, Doc.6, May, 1963.

3) The Role of Employers and Workers' Organizations ... Metal Trades Committee... I.L.O..... op.cit., pp 37 - 38.

were accorded limited "advisory powers." 1)

1) Report of the Director General, Social Development in the Americas, Eighth Conference of American States Members of the International Labour Organisation, Ottawa, 1966, International Labour Office, Geneva, 1966, P.95.

Role of Swedish Unions in Manpower and Investment Planning

While employment exchanges have been functioning since the early part of the 19th century in many Western industrial nations, broad manpower planning is a relatively new phenomenon. So far as trade union participation in manpower planning is concerned, Sweden is probably the best example. Moreover the work of the manpower authority, in Sweden, fans out into a number of other important economic policy areas.

The maintenance of full employment is the mainspring of Swedish national economic policy. From this flows a combina - tion of extensive manpower and related fiscal policies to accomplish this objective.

Authority for the preparation and execution of manpower policy in Sweden is vested in the National Labour Market Board with its regional agencies the County Labour Boards. This Board functions with a high degree of autonomy under the Ministry of Labour. Its 10 members include the Director General and his Deputy who have responsibility for its administration. The other 8 are appointed by the government for 3 year terms, two on the proposal of the employers' association, two on the pro- posal of the Swedish manual workers' union federation, one by the white collar workers' union federation, one by the feder- ation of professional employees, and one each representing female labour and agriculture.[1]

There are 25 County Labour Boards, which are in charge of the public employment service in each county. These consist of a chairman, usually the Governor of the County, and five members representing employers' and union organizations.

To insure close and continuing contact between the Labour

---

1) There are a number of articles and studies of the operation of the Swedish labour market. See for example: National Labour Market Board, "Organization of the Labour Market Board and the Employment Service, personnel, etc." Reprinted from the Board's Annual Report for 1961, Stockholm; Labour Market Policy in Sweden, Organization for Economic Co-operation and Development, Paris, 1963; and Gunnar Olsson, Employment Policy in Sweden, The Swedish Institute for Cultural Relations with Foreign Countries, STockholm, 1965.

Market Board and the employers' and union bodies themselves, representatives of these latter organizations also serve on special sub-committees attached to the Board, as on: unemployment insurance; vocational rehabilitation; regulation of building and construction activity; problems of automation, etc.[1)]

The unions (and the employers' association) are thus, "locked" into the top level of the Labour Market Board, an integral part of the County level, and function through sub-committees on special policy areas, as well.

Powers of National Labour Market Board

The Labour Market Board functions as a combination economic and manpower policy agency. It has overall responsibility for the operation of the employment service. The Board sits at the center of the information flow on manpower needs in Sweden, and judges where surpluses and shortages are occurring.

As it judges the needs of the economy, the Board passes upon training and retraining programs for unemployed workers. This includes the setting of the scale of payments to trainees during their courses, allowances for families of trainees, etc. The Board also establishes special programmes of vocational rehabilitation for the disabled. For those who are too old for the rigors of ordinary employment, the Board may establish special "sheltered" types of paid activity.

Under the Swedish manpower programme the Labour Market Board, through its agencies, can help workers meet the cost of moving from one part of the country to another to obtain certified employment. The Board also grants allowances for the travel costs of the workers' family, moving of household effects, and special "break in" grants to help workers and their families meet the expenses of relocating to a new community.[2)]

In addition to encouraging labour mobility the Board tries to influence private industry's location policy. The Board

---

1) Olsson, op.cit., P.8.
2) A good summary of these programmes is contained in Unemployment Programmes in Sweden, Paper No.5, Joint Economic Committee of the Congress of the United States, U.S. Government Printing Office, Washington, 1964

intervenes to train manpower for new undertakings in areas which it seeks to develop. It helps prepare these same industrial areas by constructing roads, water works, and in some cases it will even help with the contruction of a private undertaking..[1)]

Labour Market Board and Economic Policy.

The tri-partite National Labour Market Board's powers go beyond manpower administration into related economic areas in its mandate to balance the labour market. It meets periodically with the National Institute of Economic Research, the officials of the Ministry of Finance and others to judge the prospects of the economy.

The Board is empowered to authorize public works programmes, both short run (public works relief which can be gotten underway and completed quickly, to counter seasonal downturns,) and long run (basic public works investment as major installations, etc. to counter more serious downturns), depending upon their view of the economic situation.[2)]

The National Labour Market Board also has authority to control the so-called special investment reserves fund. Swedish tax legislation encourages corporations by tax concessions, to leave part of their profits on reserve. These are "released" back to the corporations for investment, by action of the National Labour Market Board when it judges the business situation to be such that investment should be encouraged to offset deflationary tendencies. The general effect, then, is to damp down private investment in a boom, and increase its flow during a downturn.[3)]

It is evident from the foregoing that through their participation in the National Labour Market Board, the Swedish workers and their unions have considerable influence in the making of economic policy as well as in manpower planning.

---

1)B.Olsson, "Employment Policy in Sweden," International Labour Review, May, 1963, pp.26-27. Olsson has served as Dirpctor General of the National Labour Market Board for a number of years.

2)Unemployment Programmes in Sweden ..,op.cit.,pp.44 - 47.

3)Labour Market Policy in Sweden ...., OECD, op.cit.,pp.41-43.

Manpower Planning and Unions in Less Developed Countries

Manpower planning is being increasingly practised in Western industrialized nations, although the unions' role in this activity nowhere approaches the Swedish case.[1] On the other hand, while manpower planning is much talked about, in the newly developing countries, and numerous surveys are being made of manpower needs, actual implementation is proceeding slowly.

As it evolves in the less developed countries manpower planning is likely to be considerably more extensive and comprehensive than it has been even in Sweden.

For most Western countries manpower planning basically involves training and retraining the unemployed or the underemployed. The stock of educated and skilled manpower in a Western, already industrialized society is relatively high. While there may be need for concentration on increasing the supply of certain highly skilled professionals (scientists, engineers or medical personnel) or a few craft groups (electricians or tool designers), by and large the manpower problem, in its active sense, usually involves limited numbers of workers who are "dislocated" in the labour market and must be retrained to fit available jobs. Manpower planning which usually centers in the Ministry of Labour, rarely reaches back into the regular educational system, except to provide school vocational counsellors with broad occupational guidelines on future requirements.

For the new countries, lacking any substantial stock of trained manpower, the problem of manpower planning and training becomes an inter-related complex involving the entire educational system as well as the usual activities of the ministry of labour. Given the goals of planned, accelerated

---

1) Advisory committees to the employment service and the ministries of labour do exist, but their role is modest; however, it should be noted that in the more limited area of planning specific industrial-vocational training programmes, western unions often play a major role along with employers and government. This type of training is dealt with in chapter IV.

development, the basic education system can hardly be left alone, as it tends to be in the West, so far as directly meeting manpower requirements is concerned. Manpower planning, in these countries, basically will come to involve the entire educational system.[1)]

This being the case in the "new" societies it is not surprising to find that unions, hard pressed to find trained leaders in any event, have not played an important role in manpower planning. In a few countries advisory panels and/or special committees, including union representatives have been set up to advise the manpower authorities.

Under French colonial rule the 1952 Labour Code made provision for the appointment of a "National Labour Advisory Committee," and these have often been continued since independence. These committees usually comprise an equal number of worker and employer representatives under the chairmanship of the Ministry of Labour. Their advisory powers often run to the entire labour field including manpower and employment, but they have tended to engage more in industrial relations and wage and hour questions.

In Senegal a Manpower Subcommittee has been set up under the National Labour Council, and it includes two members representing the workers, two representing employers, a member of the National Assembly and a representative of the Ministry of Finance. This Subcommittee meets with the Manpower Service along with representatives of five other departments and the Planning Commission. There are meetings at least once every quarter, and the group must be consulted on matters of general employment policy and related problems.[2)]

---

1) It is not being suggested that every child going to school will or should be "aimed" from first grade onward to a particular vocational slot. There is neither the necessity or possibility of planning as total as this. It should be clear nevertheless that vocational needs and direction will count more heavily in a society, less developed, in which virtually every sort of technical, craft and profession skill is in short supply, and education resources are limited, than in a developed society where the stocks of educated skilled manpower are fairly high to begin with, today.

2) Industrial Relations in Certain African Countries ... ILO, op.cit., P.137.

The duties and policies of the management boards of the employment offices in ex-French African nations generally are prescribed in consultation with the aforementioned National Labour Advisory Committees.[1]

A number of ex-British colonies have established a National Labour Advisory Board, either by legislation or administrative order. These Boards are composed of an equal number of employers' and workers' representatives, presided over by the Minister of Labour or his delegate. They are empowered to discuss matters submitted to them by the Minister of Labour, and this consists mainly of draft legislation on labour and questions affecting the organisation of the employment service.[2]

Conclusions: The Implications of Planning for Trade Union Policy and Structure

For the most part union experience in national economic planning is relatively recent. One can, however, draw some tentative conclusions or implications as to what effects participation in planning is likely to have for trade union movements.

The Challenge to Traditional Union Philosophy

The most serious problem posed for unions is the challenge to the inner core of union philosophy and function. In most countries unions have arisen and developed as particularistic, defensive type institutions. Their most basic function has been to safeguard and advance the immediate interests of their members. This has, it is true, often involved union relationship with particular political parties and programs for social reform; but even in such partnership with political parties the union partner has been looked to, especially, for the immediate protection of and advancement of union members' interests.

1/ Ibid.

2/ Ibid., p. 140

As national planning systems grow in most countries, and as unions come to participate in them a certain strain is imposed on this central, particularistic thrust of trade unions. The very conception of national planning involves a broadening of economic interests beyond the particular to the general. Of course trade union movements have never limited themselves exclusively to their own immediate, narrow interests, trade by trade, or industry by industry. Nevertheless, it is fair to say the necessity to work more fully, and more formally within a national planning framework strains the more limited approaches of trade unionism as it has operated in the past in many countries.

It is not being suggested that trade unions can or should abandon their concern about their own members' immediate interests as they come to assume new responsibilities in the planning machinery. What is called for, however, is some significant widening of approach, and a new synthesis or balance between the immediate, traditional thrust of unionism in a particular enterprise or industry, and the needs dictated by the national planning process. How this new balance is reached depends upon the nature and extent of the planning process, its goals, and the degree to which these goals are voluntary or prescriptive in character.

The union role in the planning process must be a real, substantive one. Unless this condition is met, and the unions can genuinely influence planning goals and programmes, then willingness, and, indeed, their ability to "give up" any part of their more traditional, particularistic activities becomes impossible. At best union members are likely to react negatively in the first stages of planning, when and if they are called upon to forego so e of their own immediate, particular bargaining objectives, for the sake of national goals.

The unions in some of the less developed nations may encounter somewhat fewer obstacles than has been the case of the already industrialized nations of the West, in this reconciliation of particular and national goals. These new country trade union-management bargaining s stems are newer and less well established. The "sacrifice" ma , therefore, not appear so great, but this will vary from country to country.

In many of the new countries, on the other hand, the trade unions, and sometimes governments may be confronted with the challenge that the unions are not widely representative of the working population. Most of these countries are overwhelmingly agricultural, and union strength often is limited to urban areas. This raises the question as to the representativeness of the unions, so far as their role in planning machinery goes.

Planning and Changes in Union Structure

Effective union participation in national planning systems will in many instances impose a strain on existing union structures. For example, where there is plurality of union movements, at the national level, it sometimes becomes difficult for governments to draw the trade unions into the planning process. There is the problem of deciding which union movement is more representative; but this can, perhaps, be reconciled by providing for representation by more than one union force. On the other hand, there may be the danger, then, that different movements will compete in their promises of gains for union members -- and carry this competition into the planning bodies with some inevitable disruption.

It is not surprising that some less developed countries, notably in Africa, have cited this problem of effective labour participation in planning as one of their reasons for pressing on the unions the issue of unification of the labour movement

into a single national center.[1] It should not necessarily be concluded, however, that this is the only possible or inevitable path. In several European countries effective planning machinery has been established with union participation by as many as three or four different national union centers. The Netherlands is one conspicuous example of effective union participation in national planning with and through several national union centers.

The structure of union organisation at the trade, shop or industrial level may also be subject to strain as labour strives to maximise its participation in planning machinery. The planning process often subdivides itself into sectoral components, and these frequently take the form of particular industrial commissions, as steel and basic metals, petroleum and/or energy, transport, etc.

Where unions are not organised on an industrial basis, some structural regrouping may almost be forced upon them by the need to carry sufficient weight in particular industrial sub-committees in the planning machinery. In those areas where unions have been limited to single plants or firms, some broader grouping into industrial federations or associations may be required. Where unions are organised on a craft or trade basis they may be pressured toward a more industrial regrouping. Union reorganisation to participate effectively in planning need not take the form of a complete reorganisation, but some wider grouping will often be required.

Unions seeking to participate successfully in planning are likely to find that they must expand (or establish for the first time) their own research departments. The need for expert,

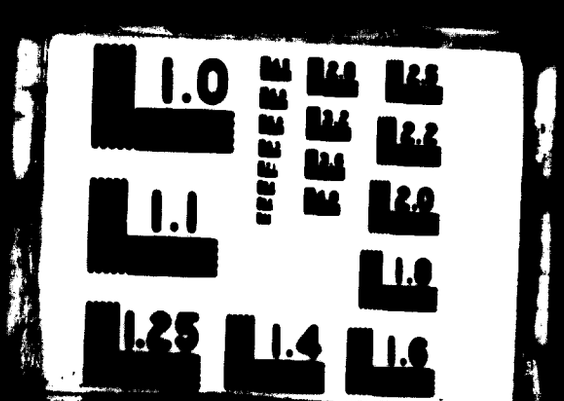
---

1/ This was a recurring theme in the I.L.O. Second African Regional Conference, Record of Proceedings, Geneva, 1965, see, for example, pp. 79-80.

74.10.14

2 OF 4

01441



technical advice of an economic and production character is an inevitable concomitant for union work in national planning. The strengthening of the research department of the national union center will have high priority in this regard. As time goes on unions covering particular sectors of the economy may also need research services of their own; this is, however, a costly matter and can, perhaps, best be met by the pooling of resources by unions in related industries. In a few countries the government has recognized the importance of sharpening the unions role in planning, and has helped to provide resources in support of the union research (and education) functions.

The provision of expert advice, through research departments or bureaus, for union officials playing direct roles in planning systems will raise the performance level of labor in this work. The officials must also approach their work with a higher level of professional competence on their own. Union officials bring their own special experience and wisdom to the planning conferences; but to this, as time goes on, must be added special training in economics, production problems and the like. This will entail training programs which will be broader in scope and larger in duration than has been true of most union education programmes in the past.

Improved understanding of economic processes cannot be confined to officials, if the union is to adjust harmoniously to its new role. Communication with rank and file members must also be improved. One Canadian union leader, discussing this problem, makes "no secret of the fact that it would not be easy to convince the membership of the unions that in the complex world of today bread and butter issues cannot always be settled in terms of increases in hourly rates or fringe benefits, gained through

well understood mechanisms..." Education of members in the relationships between national economic policy and their own employment security will be a necessity. 1/

1/ International Trade Union Seminar on Economic and Social [redacted] ...O.E.C.D., op.cit., pp. 43-46.

Chapter III

WORKER PARTICIPATION IN MANAGEMENT OF ENTERPRISE

The more "integrated" status of to-day's worker and his union is probably best illustrated in the many plans and methods for worker participation in management which have been adopted in a number of countries, developed and less developed. The impulse for this participation has come largely from the labour side, but a growing management school which is concerned with the problem of worker motivation in the enterprise is also contributing to it.

The demand for worker participation in the management of enterprise and the economy runs deeply in industrial and social history.

Workers' control over industry was a general demand of European socialist unions as early as the nineteenth century. The advocacy of worker participation in management of industry was not, however, confined to the socialists in Europe. The famous papal encyclicals Quadragesimo Anno and Rerum Novarum, though expressing a devotion to private property, nevertheless sought substantial alterations in the rights of ownership. The Christian trade union movements of Europe quickly drew upon these encyclicals and incorporated in their programmes demands for workers to participate jointly in the management of industry.

There was, therefore, a striking confluence in the ideological development of Western European labour supporting the demand for some form of worker participation in management. Given the broad agreement between these two powerful forces it is not surprising that efforts looking toward the institution of worker participation or consultation in plant management have been in virtually every Western European nation.1/

1/ Frederic Meyers, "Workers' Control of Industry in Europe", The Southwestern Social Science Quarterly, September, 1950, 100-111. Separate mention should also be made of the anarcho-syndicalist and guild Socialist contributions to socialist thought on workers' control.

In a number of countries the impact of World Wars I and II often led management to modify its earlier suspicions and hostility to any worker consultation in other than traditional negotiating matters. Government pressures to increase war production and to minimize wartime strikes helped modify management attitudes. A few enlightened companies also came to look upon such joint committees as a potential source for productivity improvement. To-day the idea of providing some formal machinery for consulting with workers on production, welfare and related enterprise matters is accepted by a large part of European management.

Helping to pave the way for worker participation in management in some quarters has been the evolution of new management philosophies about the nature of the enterprise, the problem of "efficiency", and new "theories" about worker motivation in industrial life.

The carrot and stick theory of worker motivation has long been widespread. As this runs, "The means for satisfying man's physiological and (within limits) his safety needs can be provided or withheld by management. Employment itself is such a means, and so are wages, working conditions and benefits...." Employing these means, management can control the worker "so long as he is struggling for subsistence ...."1/

1/ Douglas McGregor, Leadership and Motivation, the M.I.T.Press, 1966, P.13, While we have leaned heavily here on McGregor's work (also see his The Human Side of Enterprise, McGraw-Hill,New York, 1960) research done in other countries points in the same general direction of a new understanding of industrial worker motivation. On England, for example, see W.H.Scott, Industrial Democracy: A Reevaluation, Liverpool University Press 1955, and other studies done as part of the series prepared the Industrial Relations Section of the Department of Social Science, University of Liverpool. The pioneer, earlier work of Elton Mayo and some of his collaborators should also be mentioned.

But once man has reached bare subsistence (and that stage is reached rather early in many modern sector enterprise), the carrot and stick no longer works. Indeed, unless work becomes an opportunity for some important degree of personal satisfaction, employees kept to a carrot and stick routine are likely to react with passivity, resistance to change, lack of responsibility and indolence. As McGregor and some other modern theorists of management have come to see the problem, it becomes management's task to help arouse and enlist from and within workers the self motivation for development; the capacity to assume responsibility; performance in keeping with full potential rather a minimal level. This should not be looked upon as a manipulative process, but one in which management genuinely seeks to tap the potential abilities and creativity of its workers.

Part of this effort to encourage fuller and freer employee contributions to the production process involves the worker's being able to participate more widely in the conduct of enterprise. While such participation is fairly prevalent "in the upper levels of organizations", it is, as yet, not widely practised "further down the line." 1)

One such form of participation, is the establishment of some machinery for workers to share in the managerial function. Whether this be in the form of consultation, sharing decision making with owner-managers, or assuming full responsibility for management, to a degree, this can help meet some of the challenges posed in this

---

1) Ibid., P.61

new management ooncept of the enterprise and the way to maximize its performanoe.[1)]

McGregor also believes that as management moves to this new conoeption of the enterprise and the integration of all groups within it, its relationship to the union in the plant can also be transformed. He believes what is traditionally a "competitive" type of relationship between union and management ("collective bargaining is a competitive process")can give way increasingly to more "genuine cooperation ... a shared effort...to achieve jointly desired goals...."[2)]

McGregor does not expeot collective bargaining to disappear as cooperation extends to some areas of the labor-management relationship. "There are some problems, notably wage negotiation, that are likely to remain matters for collective bargaining regardless of the degree of cooperation that exists between a union and management... It is perfeotly possible for union and management to cooperate on some things and to oompete on others...." He does add that the problems which are

---

1) We are not suggesting that all of this "new" school of management would move in the direction of worker partioipation in management; but the theory, generally speaking, seems to lend support to this idea of enlarged worker responsibility and possibly participation. In the eyes of some theorists this participation can be individual in base, rather than through the employee-group or a union. Our examples ohosen in the remainder of Chapter III and Chapter IIIA are group in character, and involve an institutional approach centering around the workers as a group, and usually in relation to the union. Individual company experiments involving profit sharing, etc. fall beyond the scope of a general study of union contributions to development. This is not of course, to deny the suooess of many of these individual company efforts whioh have, in some oases also involved the participation of partioular unions.

---

2) Ibid., pp 88-89.

subject to "cooperation" and those subject to "competition" must be carefully separated, as it is not possible "to compete and cooperate at once on the same problem". [1]

As the idea of a worker-role in management has been translated into reality in various countries, many different systems have been adopted. Generally, however, these have involved the establishment of a council or committee within the plant or enterprise (or possibly the industry) on which workers' are represented; but the function of these workers' councils vary enormously. In some instances they have become primarily a workers' collective bargaining agency within the establishment. Generally this has occurred where there was a vacumn to be filled--i.e. there was a prior absence of any system of effective collective representation of workers in the plant or enterprise itself. Under other circumstances, the councils embrace both bargaining and non-bargaining areas, including some consultation or participation in the actual tasks of management.

The line of demarcation between traditional bargaining activities as opposed to those which are more managerial in character is often impossible to draw for workers' councils. [2] Even decisions about marketing, pricing and ultimately profits, have repercussions for wages and working conditions. Plans to increase production can often not be divorced from the setting of hourly wages, piece rates and

---

1) Ibid., pp 89-90

---

2) See Adolf Sturmthal, Workers Councils, Harvard University Press, Cambridge, Mass., 1964, esp. Introduction and Chapter I.

other plant conditions.

Experience with worker participation in management does suggest that if the basic desire is to bring about effective worker interest in the managerial and production problems of the enterprise, it is essential that there also be in existence effective union type machinery to handle "ordinary" grievances concerning wages and related problems.

In the absence of the latter machinery, one can anticipate that workers will use the so-called joint-management or consultation machinery, set up primarily for improving production, to handle ordinary wage and related types of problems. Furthermore, if channels for "routine" collective bargaining type problems are lacking, workers may well come to view worker-management cooperation committees with hostility and suspicion. Any effort or idea of using such councils as a means of by-passing, undermining or forestalling unions is likely to have negative results in the longer run.[1)]

One broad, British inquiry into the system of joint consultation between workers and management concluded that "where strong and well supported demands for recognition of trade unions are refused, joint consultation is not likely to succeed." Indeed, if "it is established in these circumstances, it will tend to be used for negotiation and will probably be dominated by unrecognized shop stewards." [2)]

---

1) Saad Ed Din Fawzi describes such an experience early in the labour history of both the Sudan and India. See, The Labour Movement in the Sudan, Oxford University Press, 1957, pp.43-57; also see Charles A.Myers, Labour Problems in the Industrialization of India, Cambridge, Harvard University Press, 1958, pp.126 - 28.

2) National Institute of Industrial Psychology, Joint Consultation in British Industry, Staples Press, London, 1952, P.54.

In one of the firms surveyed, in the aforementioned British inquiry, prior to World War II the management had "strongly opposed" unions. At the outset of the war it was "forced to recognize the unions", but relationships were poor. Joint consultation was begun in 1941, but, failed, for some years, to make headway. As management began to improve its relations with the unions, however, "first by the recognition of shop stewards and later by official meetings with a shop stewards' committee, the workers began to play a more constructive part in joint consultation, leaving grievances to be dealt with by the shop stewards", rather than by the joint consultation machinery whose effectiveness improved steadily.[1)]

At another plant where union membership was low and no demand for union recognition had been made, newly established joint consultation machinery prospered for a time. Later as union membership grew a demand for recognition was made, but management refused. Thereafter, "The quality of joint consultation appeared to have deteriorated considerably." The inquiry adds, on this point, "More illustrations could be given which emphasize the strong influence exerted by the nature of the response to demands for union recognition."[2)]

McGregor has also stressed the necessity for management to support the security of the union in the enterprise, if it wishes to make a success of cooperation with workers in improving production performance. Care must also be taken to see that the gains flowing from increased cooperation are shared equitably. These gains are first economic, but they are also matters of

---

1) Ibid., P.51

2) Ibid., P.52

prestige and recognition. Management must be ready, indeed anxious to acknowledge the contribution of the union and its workers to any "joint effort". Too often management fails to see that "the desire for prestige and social recognition" may be as vital to workers and to the work group as is economic gain. If this is understood, it can become "a powerful asset to union-management cooperation." 1)

While much research remains to be done, a study of a British enterprise by J.A.Banks suggests that in many instances a high degree of union activity on the part of individual workers, may also be correlated with a stronger sense of identification with the enterprise, and a willingness to contribute to it. 2/ Canalizing some of this energy for wider cooperation can be a significant challenge to management.

One inquiry into the operation of joint consultation in over 100 British factories showed much more interest and a more positive attitude toward joint worker-management consultation on the problems of the enterprise among union stewards than among rank and file workers. 3/

1/ Ibid., pp.106-107

2/ J.A. Banks Industrial Participation, Theory and Practice a Case Study, Liverpool University Press, Liverpool, 1963, esp. Chapter 3 and Conclusion. Banks found significant relationships between the willingness of individual workers to accept a union role and a desire to take on more responsibility within a chemical and food plant he studied. For a more general study of the existence of quite reconcilable dual loyalties (allegiance to both enterprise and union) see Theodore V.Purcell, The Worker Speaks his Mind on Company and Union, Harvard University Press, 1953.

3/ National Institute of Industrial Psychology....etc.,op cit, pp. 63-64.

It is in any case difficult to consider too abstractly the major problems involved in the establishment and then the successful execution of worker participation in management plans. Rather than suggest further generalizations it seems wisest to describe four different systems reflecting different country social structures and history. One is the British system of joint consultation operating in the world's oldest industrial society. The second is the German works council and co-determination system. The third describes Indian experience in this field, joint management councils. It is presented as an example from one of the world's largest, less developed nations. Finally the system of workers'management in one communist country, Jugoslavia, is described.

Of necessity concentration will be placed upon the description of the machinery as it has been established in these countries since space and lack of detailed materials prevent extensive evaluation of the systems. The reader is also cautioned that any system of industrial relations is conditioned by the society and culture within which it operates. The most perfectly articulated system of worker participation or consultation in management is hardly likely to have much reality, for example, in a society where workers are oppressed, generally, and do not enjoy basic social and political rights. While describing these systems or

procedures at work it seems appropriate, in this study, to lean heavily on studies which have tended to look at the hopeful side of this problem. The analysis is, however, not uncritical. Finally, concentration here is on worker participation in management at the plant or enterprise level. This seems more practical since the problem of union participation in broader, national economic planning is considered elsewhere in this report.

British experience with joint consultation

In keeping with British industrial relations system there is no single "charter" or basis for labor consultation in management. At the industry level the so-called Whitley Committee as far back as World War I recommended that Joint Industrial Councils be set up both to provide negotiating facilities (for ordinary collective bargaining functions) and consultation functions on improving production, health, and training. Not all industries have responded to this call and in some unions and management have explicitly rejected the method of joint consultation for the purpose of improving production and employee welfare; but there are some 200 Joint Industrial Councils operating today--functioning, to repeat, at the industry level. 1/

Aside from Joint Industrial Councils, Great Britain has other top bodies such as the National Joint Advisory Council of

---

1/ Dorothea de Schweinitz, Labor-Management Consultation in the Factory, University of Hawaii, 1956; p.19.

the Ministry of Labor composed of representatives of the unions and the British Employers' Confederation, set up at the beginning of World War II. It also includes the nationalized industries. The NJAC advises the Minister of Labour on legislative proposals as well as broad labor-management problems, although its main impact seems to have been during the World War II period.[1]

In addition to the NJAC, British management and unions at the top level also function on the British Productivity Council which has sought to improve productivity by exchange visits, technical advice, exhibits and conferences.

LABOR PARTICIPATION AT WORK PLACE LEVEL

Outside of the scope of the usual union-management negotiating machinery (in the area of what we shall roughly term collective bargaining) there are many factories and other places of work where arrangements exist for consultation between management and employees about matters of common concern. These usually take the form of "joint committees", although less formal methods may also be employed. There is, to repeat, no statute or order which governs these committees outside of the nationalized industries. The manner in which employee and employer representatives are chosen varies between industries, and between plants. Moreover, there are some industries where the parties have either rejected the principle of joint consultation beyond the negotiating area or found it unnecessary in view of the

---

[1] Industrial Relations Handbook, Ministry of Labour, Her Majesty's Stationery Office, London, 1961, pp 15-16, 144-145.

full effectiveness of their regular negotiating machinery.

On the employee side, where a joint consultation committee is in operation, it is common for workers' representatives to be elected by secret ballot. Employees nominated to be joint committee men must, in some firms, be members in an appropriate trade union; sometimes, as in engineering, they are chosen from among the union shop stewards.1/

Where foremen participate they are usually part of the management contingent, and the same is often true of white collar employees. There appears to be no general pattern of selecting representatives on the manual workers' side so far as numbers (varies from plant to plant) are concerned or what departments or sections are to be represented in the joint committee; but "usually they are elected from different sections of the works..."2/

In passing it should be noted that with the exception of Switzerland, Great Britain is almost unique among Western European Countries in the informal manner in which the numbers of committee members is determined and whether they shall represent specific sections or groups in the plant. Generally, some statute or regulation provides that there shall be, for example, 2 representatives for each 50 workers, 3 if there are from 51-75, 4 for each 76-100 workers,

---

1/ Industrial Relations Handbook ... op.cit., pp.126-127

2/ de Schweinitz, op.cit., p.20

etc. on up to a maximum of 11 if there are over 10,000 employees in the establishment. 1/

Continental European country statutes controlling this subject of employer-worker cooperation at the enterprise level often stipulate the manner in which places shall be reserved for white collar employees, the periodicity of joint meetings, etc.

Returning to Great Britain, there appears to be significant differences on whether worker representatives on the joint consultation committees should be separate and distinct from the shop stewards whom union members have selected for regular negotiating purposes. Union leaders fear the establishment of dual representation in the plants if other than stewards dominate the workers'side of joint consultation. Management, on the other hand, often prefers that worker representatives chosen for joint consultation not be union stewards, lest they seek "to establish an atmosphere of negotiation rather than consultation." Actual practice varies between industries, and within industries. But the line between the functions of negotiating and consultation can be a fine one, and "dual representation" of workers should be avoided. As one expert has put it:

1/ The example chosen is France, but for a description of the rules in effect in eleven European countries, see International Labor Organization, Consultation and Cooperation Between Employers and Workers At the Level of the Undertaking, Labour-Management Relations Series: No. 13, esp. pp 17-23, 1962.

"The importance of avoiding dual representation of employees has been stressed. Although it is not necessary to have exactly the same persons in both the consultative and the negotiating bodies, the unions usually make sure that some of the same elected leaders function in both types of committee and understand which function they are performing in which meeting, referring, when necessary, issues to the negotiating machinery from the consultative committee." 1/

In any event, " despite the variety of procedures...there is common understanding that joint consultation is a rational policy for improving production, for letting the worker know what is going on and giving him a chance to 'speak his mind'" 2/

While the potential range of subjects which may come before joint consultation committees in England naturally varies, the following list of subjects which are covered under the scope of labor-management consultation on the factory level in three European countries, including Britain, is suggestive: 3/

Finance and Business
- Explanation of financial statements
- Orders ahead
- The competitive situation in the industry
- The economic situation in the country and the world at large

Production
- Goals and accomplishments in the previous period
- Present targets in relation to orders

1/ de Schweinitz, op. cit., p.76

2/ Ibid., pp. 20-22

3/ Ibid., pp.62-63

New methods and new equipment
Defective work
Customer complaints
Reports on results of the suggestion system

Personnel
Changes and appointments in top management
Reorganisations
Turnover figures
Absentee figures
Prospective hirings and layoffs
Opportunities for specific training or for general education courses

Welfare
Cafeteria
Washrooms
Heating and Ventilation
Safety and health
Transportation
Housing
Vacation lodges or opportunities
Prospective fund drives
Company athletics
Benevolent funds (to assist employees)

It should finally be noted, that to the extent that the subject matter of consultation can be kept separate from that of negotiation in Britain, any action under the consultation process is of a purely voluntary nature. To put it differently, neither party is under obligation to take action, even if the consultation committee has agreed upon something. Practically speaking, this generally means that the committee functions in a purely advisory capacity.

While no extensive evaluation exists of the operation of joint consultation in Britain to date, the following conclusions of one critical student are of interest: (1) it is not easy to relate improvements in productivity to the activities of joint

---

1/ Ibid., pp. 62-63

consultation; (2) joint consultation arrangements "have, by and large, thrived best in progressive and prosperous firms. Consequently, even if joint consultation, satisfactory labor relations and high productivity could be shown to go together there would be no proof that joint consultation was the course of good results.... A competent management can improve output and labour relations, and, if need be, also make a joint consultation committee work"; (3) ... private industry now makes much less of joint consultation than it did ten years ago... it is given a place as one amongst a number of 'tools' of management which may be useful in dealing with some of the awkward social situations with which management may be faced." 1/

Where joint consultation has clearly failed the same observer notes the following factors:(1) the "consultative committees... are frequently by-passed..." (2) "... there is no difference in principle between this kind of consultation and collective bargaining... Trade union strength is a subtle complex of pressures which...cannot be confined within the area of collective agreements." Granted the existence of union power, the fine distinction between "negotiating" and "consulting" is hardly likely to be scrupulously observed. 2/

1/ Hugh Clegg, A New Approach to Industrial Democracy, Basil Blackwell, Oxford, 1960, pp.37-38.

2/ Ibid., pp. 38-39

Other important factors which seem to effect the success of joint consultation in Great Britain include the sense, or lack of it, among workers of "visible achievement" resulting from its operations. This is particularly important for rank and file workers, who are, after all, removed from the actual machinery. 1/

It stresses the necessity for management to render full recognition to the workers' representatives in the successes of joint consultation and to maintain good communication with workers generally.

We have already referred to the findings that in British industry failure to deal equitably with a genuinely supported union demand for recognition is likely to reduce effective joint-consultation. (See the introduction to this chapter).

If joint consultation is to give workers a sense of common purpose and achievement, it is well to add to their sense of security. The fear of "working themselves out of a job" is a real one for some workers when they contemplate improved production efficiency. Where guarantees have been given in the form of greater protection from redundancy (lay-off) or short work-weeks, the atmosphere for successful joint consultation has been improved. 2/

1/ Institute of Industrial Psychology ..... etc., op.cit., P.66

2/ Ibid., pp. 107-8

Regardless of whether a firm is nationalised or private the structure of the joint consultation system can be an important factor influencing its success. The so-called tree structure in which a single line of consultation comes up to a single, top, plant main committee in which decisions are concentrated, appears well adopted to a small factory. On the other hand, it has been found that in a large factory, excessive dependence on top level committee may prevent constructive suggestions and proposals from coming up to the top. In a large factory, top level committee members may be bored with discussions of other (than their own) department problems. Here a more spread out or pyramid structure which depends on a series of committees at department or section levels, as well as on the top committee may be more efficient.1/

1/ Ibid., pp. 111-116

Some greater success is often claimed for joint consultation in the nationalized industries, where the enabling statutes in transport, coal mining, gas and electric specifically provided for consultation on the conduct of the industry and the welfare of its employees. The British Trades Union Congress observed, in 1963, that "although joint consultation in the nationalised industries had not achieved all that was hoped of it, a considerable amount of good work had been done through it and useful experience gained..." 1/

Special problems seem to exist at the local level, so far as joint consultation in the nationalized industries is concerned. One major difficulty stems from the fact that a particularly restrictive factor on effective worker consultation in the nationalised industries "is the limitation of the powers of the local management in a large organization. Many decisions in which workers would like to have a share are not taken by the local management and cannot therefore be settled by the local committees...." 2/

In the light of the possibility of extensive nationalisation or state control of many industries in the newly developing countries this can be a serious inhibition on effective joint consultation. This problem has actually arisen, in India, as we

---

1/ TUC Report 1963, Brighton, p.276. This report includes a good summary of the "problem" of worker participation.

2/ Clegg, op.cit., p.41

shall note below.

The conclusion of the British TUC in the aforementioned 1963 report seems apt, so far as the situation in that country is concerned:

> "It does not, however, seem likely that joint consultation will revolutionise workpeople's attitude to work or can be regarded as more than one means among others of promoting good industrial relations. Its great merit at local level is that it provides a method by which the interested minority of workpeople may associate themselves with the progress and development of their industries and by so doing develop themselves and help to tap reserves of experience and knowledge which would otherwise remain unused. At regional and national level it augments the unions' influence on management which they exercise through collective bargaining, even though its advisory nature sets limits to it and ensures that collective bargaining remains the decisive factor in industrial relations." 1/

Clearly for the TUC joint consultation is and will remain highly subordinate to collective bargaining. This is probably due to several factors: the long history of collective bargaining and its firm institutionalization in British society; the informal framework of collective bargaining so far as substantive matters are concerned - which reduces the need for special labor-management machinery to deal with "new" subjects in a number of industries; and the fact that the "gap" between managerial and labor also has a long history, making joint marginal efforts difficult on both sides. On the other hand, a fair number of successful, individual examples of labor-management

---

1/ TUC Report 1963, op.cit., p.279

consultation on non-collective bargaining matters can be found in Britain. 1/ It is also just possible that new pressures for productivity improvement and more rapid economic growth may improve the possibilities for joint consultation in the future. Meeting with the Royal Commission on Trade Unions and Employers' Association early in 1967 the TUC called for legislation to provide for trade union participation in private company boards of directors, in the interests of greater industrial democracy and improved production. 2/

1/ De Schweinitz, op.cit., Chapter 3 and passim.

2/ Labour, TUC Information Broadsheet, February, 1967. For the philosophy behind the unions' expanding interest in this activity see, Trade Unionism, The Evidence of the Trades Union Congress to the Royal Commission on Trade Unions and Employers' Associations, Trades Union Congress, London, 1967, pp. 103-107.

Worker Participation in the Enterprise in the Federal German Republic*

While the German government acknowledges that, "The demand for rights of joint consultation originates chiefly with the trade unions," other forces have also operated to bring it into being. For example, "The majority of employers have become clearly aware of the bearing of favourable human relations on the development of their establishments..." Additionaly, "cultural impulses" in the direction of the "principle of equality, which was originally confined to the political sphere, has contributed to superseding former relationships of authority in industry, as it has in the home, at school and in other fields." The general adoption of the Christian social doctrine that workers are more than hands and "that the employment relationship is a joint relationship" also contributed to the strength of the movement for wider worker participation in enterprise. 1)

On the employer side, there has occurred a shift from family, person-owner type to more professional type management in larger enterprises, with the practice of dividing managerial authority among several persons. Moreover, in most enterprises, "All important decisions are taken in committee by majority vote." As a result, in actual practice, "management in many cases occupies an intermediary position between the interests of the workers and those of the shareholders, who are interested in good dividends." 2)

---

* The student is confronted with a large literature in the field of German co-determination and works councils experience. We have tried not to overburden the text with citations and have concentrated particularly on describing, from official sources, what is a complex series of systems covering worker participation, in varying degrees in management, in different sectors of the German economy. Out of consideration for space, we have not described the more limited forms of worker participation in management in the public service.

---

1) Codetermination and the Law Governing Work Councils and Staff Representation in the Public Services, Social Policy in Germany, A survey in Monographs, Published by the Federal Ministry of Labour and the Social Structure, No.23, by Dr. Alfons Klein, Essen, 1963, pp.6-7 (Hereinafter cited as Codetermination and the Law Governing Works Councils...) This is one of series on social policy, available both in German and English. I have used the English edition.

---

2) Ibid., P.8.

As German enterprise and management has evolved in the twentieth century, German legal theory as regards the enterprise has also changed. It has come more and more to provide a place, an institutional role for employees, as well as managers and shareholders. 1)

Historical Background

The idea of works councils can be traced back in German history to 1848-49 when the Constitutional Assembly, meeting in Frankfurt during those revolutionary years, supported such institutions. These proposals remained largely abortive. Although some employers did, voluntarily, establish "Factory Councils, "Councils of Elders," etc., by 1890 proposals for extending the rights of consultation beyond the individual establishment were being proposed, and the idea of Chambers of Labour made up of equal representation by workers and employers was widely espoused. Councils with broad consultative functions were established, by law, in the mines in Prussia, in 1905. 2)

The rights of joint consultation were extended during World War I in all industrial enterprises with more than 50 employees. These councils or committees acted, however, primarily as grievance committees. After World War I the new (German) Weimar Republic constitution included provision for works councils which were to have both bargaining and managerial functions. Under bargaining was the function of conducting plant level negotiations to supplement the wage agreement concluded by the union at the industry and/or area level. The managerial tasks consisted primarily in naming two members to the Supervisory Board (roughly speaking the board of directors) of companies. The Nazis superseded these councils and dissolved the trade unions in 1933.

---

1) See Michael P. Fogarty, "Code termination and Company Structure in Germany," British Journal of Industrial Relations, March, 1964, pp.79-113. Our discussion will be limited to the codetermination and works' councils laws, but it is important to keep in mind this general legal evolution of company law in Germany, as regards the role of employees.

---

2) This historical sketch is drawn primarily from Sturmthal, op. cit., and Codetermination and the Law Governing Works Councils... op.cit.

The restoration of the works councils and provision for worker participation in management was one of the major goals of the German labour movement which quickly established itself after World War II. A series of laws was enacted in succeeding years, including a general works council law (1950, revised in 1952), a codetermination law in basic coal and steel (1951 and supplemented in 1956), and a special law on staff representation in public service (1955). 1)

Works councils, under the law, are to be established in all types of private enterprise with at least 5 regular workers (10 employees in agriculture and forestry). The employer is not a member of the council, contrary to the practice in some other Western European countries. Councils are to be elected in every independent establishment - single establishments are those "supervised from one head office and constitute a geographical entity." 2)

Where an enterprise consists of several geographically separate plants, a general works council can be found. This consists of two delegates from each local works council (or one if the local council consists only of wage earners or only salary employee). This general council is limited to matters of concern to the entire enterprise, and it cannot act upon problems coming under the competence of individual plant councils. It will get involved in reorganization plans affecting more than one plant, welfare services (rest homes, etc.) whose influence covers the entire company, and like matters. 3)

---

1) [illegible] pp. 14-15. For a description of the operation of employee participation in management in public service, not covered in our report, see pp. 55-60 of this pamphlet.

2) Ibid., pp. 17-18.

3) Sturmthal, op.cit., pp. 69-70.

Employees 18 years and older who "possess civic rights" may participate in the council elections. High ranking officials of the company are not eligible to vote as, for example, those who "exercise a high degree of personal responsibility or are entitled to engage and dismiss employees independently..." Only employees of an establishment, at least 21 years old, with one year or more of service, are eligible for election to the works councils, and outside, full time trade union officials are not eligible. The size of the Council varies from one-person establishments with less than 20 employees, eligible to vote, to up to from 25 to 35 members for establishments with more than 9,000 employees. Wage earners and salary employees normally vote for their respective candidates in separate elections/seats divided on the basis of ratio of wage earners to salaried employees, but there is only one council. Formally there are no lists, but in practice the trade unions do make up their own slates of candidates. About 90% of the members of works councils are trade union members, although only one-third of all workers are union members. The elected members of the councils are, however, there by virtue of their being establishment employees, not as union representatives. As of 1963, there were nearly 130,000 council members in about 25,000 private establishments.

Members of the council normally hold office for 2 years. The Labour Court, in Germany, can dissolve the council prematurely, "by reason of gross breach of duty." Members of the council serve "on an honorary basis" and therefore receive no special allowances or expenses, nor should they be accorded special preference in promotions or pay increases. A very extensive system of protection safeguards a council member against dismissal by the employer. Ordinarily, only if a complete closure of the establishment is contemplated can he be laid off. In cases of extreme misconduct he can be dismissed-- this might include his provoking "labour trouble through continual agitation for a political party, or had [illegible] distributed in the establishment handbills containing

---

1) Co-determination and the Law Governing Works Councils..., op.cit., pp.17-22.

severe attacks on the employer." These dismissals are rare. To the extent necessary council members are to be released from their regular work, without loss in pay, to perform council duties. (Pay allowances should equal what they would have gained working, including heavy work bonuses, overtime pay, etc.) The employer is to receive reasonable notice in advance, if a council member is required to leave his post. [1]

Inasmuch as council members receive a great deal of secret, confidential business information from the establishment, the law imposes "a special obligation of secrecy on them." They may not communicate this information to any outside agency, and specifically not to trade unions. The employer can petition the labour court to dismiss a council member who violates the secrecy obligation. Penalties up to one year in prison are possible, only on petition by the employer, "for premeditated or wanton betrayal of secrets." [2]

The council chooses a chairman, and a salaried employee is to be deputy, if a wage earner is chairman. In large firms a works committee of five is also chosen from among council members, but it has no independent power of decision. Meetings of the council are held regularly during working hours. The employer may also demand a meeting of the council--the trade unions do not have this right. The council meetings are not public, the chairman can determine who, besides members can attend. If one-fourth of the members of the works council are in favor, trade union representatives can participate in a consultative capacity. The employer has a right to attend meetings held at his request.

A good part of the work of the council is done in committees. Special sub-committees are set up on social benefits, housing, discipline, female workers, and like matters. Often these committees meet with their managerial counterparts. [3]

---

1) Ibid. pp. 23-24

2) Ibid. P.25

3) Sturmthal, op.cit., P.70

All expenses resulting from the activities of the council are borne by the employer. No collections are permitted from workers for purposes of the council. [1)]

The law treats both employer and works council as an essential part of the establishment and imposes upon them the obligation to work "in a spirit of mutual confidence." The enterprise, under the statute, "has to some extent a superior rank [to either party] and is conceived as a living organism." Neither party can carry out political activity in the establishment. The council is functionally separate from the trade union, and, indeed, "must observe neutrality in respect of any strike conducted by the trade unions." The council itself must not curtail production, slow down, strike, etc. [2)]

The works council law presumes the parties, council and employer should settle their problems within the establishment. If unresolved disagreements persist they are to be settled by the Labour Courts or a special conciliation board.

The dual system of worker representation, unions and works councils can, on occasion, lead to some conflict on the labour side. This is particularly true where as Sturmthal observes, "By strengthening the council's position, management...hopes to weaken the union." Indeed, according to Sturmthal, during a metalworkers strike in Bavaria in 1954, under management suggestion the council in one plant urged the workers to stay on the job, in defiance of the union's decision. [3)]

This sharp divergence between union and council is, however, exceptional. Council members, as previously observed, are overwhelmingly from the union ranks, union lists prevail in most elections, unions direct education campaigns at plant employees and council members--the net result is drastically to reduce any potential area of disagreement.

---

1) Codetermination and the Law Governing Works Councils...op.cit., P. 27.

2) Ibid. pp.28-29.

3) Sturmthal, op.cit., P.78.

Works Councils in the Social Area

The council operates in a number of social, personnel and economic matters. Its rights may either be in the nature of co-determination where its approval, along with the employer, is necessary for final decision, or co-operation where it may have only consultative or advisory rights. If decision can't be reached in an area where co-determination applies, it goes to the Labour Court or to a Conciliation board for decision. In the social field the following matters are subject to co-determination:

a) Start and Finish of the Daily Period of Work and of Breaks;
b) Time and Place and Payment of Wages;
c) Agreement on the System of Wage Payments (piece work vs time work, etc.) and the Introduction of New Systems (but no co-determination of the level of wages and salaries--these questions are settled in bargaining by trade unions and employers' associations);
d) Settlement of Piece Rates, Including Job Rates;
e) Questions of Work Rules and Conduct of Workers in the Works (provisions regarding signing in, reporting sick, parking places, etc.)
f) Agreement on Holiday and Vacation Period assignments (not the number and length of days--these are settled by law or union-employers' agreement).
g) Vocational Training, especially in setting up apprentice programmes.
h) The Administration of Welfare Services, Already in Existence, as convalescent homes, cafeterias, libraries, works' housing for workers, works' hospitals, etc. 1)

Most of the foregoing areas or problems are reduced to works agreements between the parties. If agreement can't be reached, appeal can be made to the aforementioned conciliation committee composed of equal representation from employer and works council, with a chairman chosen by the parties, or by the Labour Court, if they can't agree.

In the area of co-operation, the works council has advisory powers only in matters like accident prevention programmes, assistance for family events, shares in profits, etc. Sometimes these matters may also be reduced to works agreements, with the voluntary consent of the employer, who cannot, however, be compelled to sign such agreements.

---

1) Co-determination and the Law Governing Works Councils.... op. cit., pp. 33-36.

Works Councils in Personnel Matters

Rights of works councils, with respect to personnel, effective in establishments of 20 or more persons only, are on the basis of co-determination in respect to appointments, regroupings and transfers (not dismissals) of employees, but not in individual cases. This does not include questions of professional qualifications or the assignment of tasks to individual employees. Basically, the council "must ensure above all that the personnel measures of the employer comply with the legal provisions, are not discriminatory, and do not endanger the smooth running of the works." Discriminatory here really applies to matters of "descent, religion, nationality, family or unionist attitude...."

If agreement cannot be reached or a regrouping on the limited basis of the councils' objections noted above, the employer can proceed provisionally, and appeal is made to the Labour Court. The Court can reverse the employer, require him to remunerate employees who have lost money, etc.

In cases of bulk dismissals and bulk engagements the employer is required to communicate as early as possible with the works council. Here, however, only consultation rights exist, and protection from dismissal is covered by a special law enacted in 1951. Employees, under this law, can appeal dismissals to the Labour Court, and the council can join in the appeal.[1)]

While the greater part of the works council's activities fall upon its elected members, the law does require that a meeting of all employees be held once a calendar quarter. If the nature of the plant makes a full assembly difficult, then group meetings are held. These meetings, though often large, can be quite substantive in character, as the following description by one American scholar indicates:

> "At one such meeting seven thousand employees gathered in a large garage and in a nearby room with amplifiers. Most of the audience stood for the hour-long session. The company president reported on current orders for each of the principal products, the type of competition from other

1) Ibid. pp.37-39.

countries and the outlook for orders from all over the world. He assured the employees of work for the next two years. He also announced the earnings for the fiscal year and a bonus of a month's pay for each employee. (Profit-sharing had been in effect for the past ten years.)

The Council Chairman reported on elections to the Council, hirings, the overtime situation, the question of starting time in relation to transportation facilities, summer hours, an issue over the payment of sick benefits for the first two days of illness and several community matters. Council chairmen have sometimes been accused of 'defending the company' at Assemblies. No such accusation could have been made on this particular occasion.

The District representative of the national industrial union and a representative of the salaried workers' union spoke, and apparently expressed their opinions freely." 1)

The Economic Production Committee

Under the works council law there is provision for a separate Economic (or Production) Committee in enterprises where there are more than 100 permanent employees. It has an equal number of labour and management members (4 to 8 members) with extensive consultative and advisory functions (no co-determination functions). The unions play no part in this committee, and at least one of the committee members must be a works council member. (Members' terms run the same as those of the works council, usually two years.)

The committee has advisory responsibilities in the following areas:

a. Production and working methods.
b. Production programme (including selection of products to be manufactured, introduction of new models, etc.)
c. Economic situation of the enterprises (including order backlogs, credit position, profit and loss analysis, etc.)
d. Production and sales situation (assessment of market, analysis of bottleneck production problems, etc.)
e. Other matters vitally affecting employees (as proposed mergers, new investments, etc.) 2)

The committee advises the firm on all these matters, and can

---

1) de Schweinitz, op.cit., P.30

2) Co-determination and the Law Governing Works Councils...op.cit., pp. 44-46.

also make its own suggestions in these areas, as well as voicing objections. It must also inform the enterprise of the workers' views on measures introduced by the enterprise. The committee's powers are advisory only, but if questions which it poses are not answered, or information is withheld, it can appeal for decision to a conciliation board and the employee can be required by the Labour Court to produce the information.[1)]

The Economic Committees have had varied success. In a number of firms they have not been established. Many meet only "according to need." A study of 100 firms between 1952 and 1962 revealed that only 38 had Economic Committees.[2)]

The German Federation of Trade Unions (DGB, leading union body in Germany) seems less than enthusiastic or greatly interested in the functioning of these Economic Committees. Still as Miss de Schweinitz notes, "some union men and Works Council chairmen see value in the consultative process and a few liberal-minded employers in 1964 gave encouraging reports on the experience with joint Economic Committees in their own companies...."[3)]

Employers often seem fearful that the Economic Committee will impinge upon their managerial prerogatives. Information and its supply, it is felt, may lead to a drive for co-determination in place of mere consultation in these areas. Once these fears are allayed, one report prepared by a group of progressive employers states, "the development of Committee members proceeds successfully." In cases where the Economic Committee functions effectively, the works council is able to concentrate on personnel problems and working conditions, while the meetings of the Economic Committee provide a place for extended discussion of financial and production matters.[4)]

---

1) Ibid. P.46.

2) de Schweinitz, op.cit., P.24.

3) Ibid. P.31.

4) Ibid., P.32.

On the other hand it is true that the union movement has never been happy with the purely advisory role of the economic committee, and argued originally for the fuller co-determination principles. The unions also favour the appointment of a labour director to the managing board of all enterprises.[1)]

Boards of Supervision

In addition to the works councils and Economic Committees, the works' council law also provides that in joint stock companies outside of the coal and steel industry (discussed below) one-third of the seats on Boards of Supervisors (Boards of Directors), are to be filled from the workers' side. These are not appointed either by the works council or by the trade unions, but they are elected directly by the employees in a secret election. If two or more are elected there must be at least one wage earner and one salaried employee. There are no other regulations as regards remaining employee members of these Supervisory Boards, and in some cases union officials are nominated and elected to any additional employee posts on the Board.[2)] It has been alleged by some unions that a number of companies limit the Boards to six members, to be sure that "outside" union officials cannot become members.[3)]

As with members of the works councils, labour members of Supervisory Boards in German companies are under a strict secrecy mandate so far as divulging confidential corporate information is concerned.

Once again, it is to be noted that unions have opposed the lack of equality in naming the members of the Supervisory Board, under the works council law (something which was achieved in the coal and steel laws discussed below.)[4)] In practice, however,

---

1) Ibid. Such a director is provided under the coal and steel co-determination board described below.

2) Co-determination and the Law Governing Works Councils.... op.cit. pp.53-54.

3) de Schweinitz, op.cit., P.33.

4) Sturmthal, op.cit., P.82.

voting on the boards only rarely reflects shareholder versus employee representatives. Most decisions are unanimous. The problems have usually been previously reviewed in the Economic Committee or within the board itself. As one student observes, "It is likely, however, that many decisions are unanimous because the facts, rather than individuals, determine the conclusions."[1)]

While the experiment with labour members on Supervisory Boards is still difficult to evaluate, one foreign observer comments, "it may perhaps be said that the presence of labour members on the supervisory boards so far has had neither the catastrophic consequences that many observers expected, nor the profoundly beneficial effects that others hoped for." Certainly this vehicle along with the others described above has improved communications between employees and management and particularly in a period of prosperity workers have found it advantageous to have a closer and clearer view of the enterprise's finances.[2)]

For its part the trade union's criticism runs primarily to objections of underrepresentation, and a desire for greater rather than lesser participation. The German Trade Union Federation (DGB), basic programme demands that, "Co-determination on a basis of parity for the workers must be secured in the case of all economic, social and personnel decisions. It must be made effective in all private, public and co-operative undertakings."[3)] Co-determination in coal and steel where, as we shall describe below, full parity on the Supervisory Board and a share in the Managing Board are held up as a better example.

Co-Determination in German Coal and Steel

The movement for worker participation in management in Germany has a long history, as already suggested. It was, however, only with the passage of the special 1951 law covering the mining, iron and steel-making industries that this "movement" came to a

---

1) de Schweinitz, op.cit., P.33.

2) Sturmthal, op.cit., P.82 and de Schweinitz, op.cit., pp.33-34.

3) Basic Programme of the German Trade Union Federation (DGB), Dusseldorf, 1963, P.13.

fuller climax or point of satisfaction for German labour. With this law, the German unions felt they had more closely achieved what they had for long been struggling. Christian social reform influences also were brought to bear heavily in the struggle for co-determination in post World War II Germany.[1)]

This 1951 law provides that over and beyond what is required under the works councils law, in German coal, iron and steel producing corporations with at least 1000 employees (individually owned or private trading companies are exempted) full co-determination is provided in top management. Some 89 (as of 1963) employing more than a million people are covered under this law. These companies, under the 1951 law, are required to establish Boards of Supervision. These boards usually consist of eleven members, although they can be enlarged to 15 or 21 members in the case of larger firms.[2)]

The eleven man board (we take that size board as illustrative, the same principles hold for the 15 and 21 man board), includes 4 members from the workers' side, 4 from the shareholders, two additional independent members, and an eleventh man chosen by the first ten. The four labour members include two selected by the works council (one wage earner, one salaried employee), and two by the central trade union organizations. The ninth and tenth "independents" are appointed respectively, one each, by the employees and shareholders groups on the Board. They then count as part of either of these groups. The eleventh man is chosen by the other ten members by majority vote; however the vote must include at least three each from the shareholders' and the employees' side (of the 10). If agreement can't be reached on the 11th man, the law provides for a mediation committee to assist in the selection. In practice, this complicated regulation has been replaced by other methods. Usually, both sides agree that the shareholders appoint the

---

1) Paul Fisher, "Labour Co-Determination in Germany," Social Research Dec. 1951, pp.20-22.

---

2) Co-determination and the Law Governing Works Councils..., op. cit., pp.47-49

---

chairman of the board, and the employees' side appoints the 11th man and the vice-chairman.[1)]

As of 1963, according to the German Ministry of Labour, there were 1250 members of Boards of Supervision in coal and steel manufacturing companies under the 1951 law. Of these 578 were from the employees' side, nearly all of them trade unionists, and 28% of them trade union officials. Among the "11th men" chosen, many were financial experts, former ministers, senior government officials, etc.[2)]

The eleventh man, the neutral man naturally plays an important role. He tends, where differences arise between the "sides", to try not to vote for one side or the other. Rather he strives, as one student has noted, to act as a catalyst between them, and help bring about agreement.[3)]

The same student has observed that under the regular works council law among events (as opposed to coal and steel) where the employees are in a minority in the Supervisory Board, the management majority sometimes is able to sidetrack the employees' representatives so far as full financial information is concerned. The management majority may also shut the employee minority out of key committee posts. This is in contrast with co-determination in coal and steel where equal representation is provided.[4)]

In coal and steel, contrary to earlier fears that parity between employees and stockholders might paralyse the Supervisory

---

1) Ibid., pp.49-50.

---

2) Ibid., P.50

---

3) Fogarty, loc.cit., P. 102.

---

4) Ibid., Fogarty does note, however, that even an employee minority on boards outside of coal and steel, can "still keep a certain influence, for shareholder representatives are unwilling to let disagreements come to an open vote with shareholders on one side and employees on the other, as this would have repercussions on worker and trade union opinion.

Boards, division as often as not may come about among employee representatives, especially as between those inside the firm as opposed to outside employees representatives (usually trade union officials). Generally to repeat, however, the tendency is to work toward a wider and complete consensus among the Board.[1)]

One result of the presence of full parity supervisory boards in coal and steel seems to be that even the plant works councils are strengthened. A German specialist has stated that fuller advantage is taken of the powers granted to the councils under the law, in coal and steel plants, as opposed to other enterprises where the Supervisory Boards have only a one-third employee representation. He notes, "'The legal requirement of parity [in coal and steel plants], and legal facilitation of partnership, establish entirely new conditions for mutual relations and give them an entirely new content.'" [2)]

Appointment of Labour Directors in Coal and Steel

The coal and steel co-determination law also makes provision for the appointment of a labour director who is in charge of social and personnel matters. The labour director is appointed in the same way as other directors. (The top managing board of a German Company typically includes three members, a commercial and a technical director as well as a labour director.) However, the labour director cannot be appointed or removed against the votes of the majority of the members of the Supervisory Board from the employees' side.[3)]

The company labour director has responsibility for "personnel questions, job evaluation, schooling and occupational training, social questions, old age pensions, sickness benefits, social housing, works libraries, works medical services, accident prevention..." and a variety of cultural activities in the enterprise.[4)]

---

1) Ibid., P.104

2) Professor Blume, quoted in Ibid, P.105.

3) Co-determination and the Law Governing Works Councils...etc., P.51.

4) Ludwig Rosenberg, The Co-determination Rights of Workers in Germany (no date, Dusseldorf, Federal Republic of Germany), P.10. (Rosenburg is the present President of the German Trade Union Federation--DGB).

All members of the managing board, as a group, however, have a joint responsibility for managing the firm, under the general direction of the Supervisory Board.

As Fogarty has observed, in any event "A labour director can always be outvoted by his fellow-managers on the executive board..." In actual practice, however, this rarely happens. "Placed in a managerial position, and instructed by law and custom to behave as a manager, the labour director does in practice behave in this way and not as a union negotiator...." On the other hand, Fogarty notes the labour director "must not forget his obligation to keep communication open with the union, the works council and employee representatives on the supervisory board...."[1)]

Fogarty's recent study of the German coal and steel industry concludes, "that managers, though suspicious of the principle of co-determination and of its operation in other firms, regard it as working well in their own, that is in the area of which they themselves have direct and practical experience."[2)]

Trade unionists and employees have strongly defended the position of labour director, who has a particularly protected post in top management. Employers' spokesmen seem more uncertain, as they feel the labour director is neither clearly employee nor management.

Some academic critics, in the early stages of co-determination, felt that the entire system, particularly as it embraced the labour director might undermine the militancy of German unions. Critics remarked of the worker's position, "that in steel and coal when he goes to see his union representative he finds his boss."[3)]

---

1) Fogarty, loc.cit.,pp.104-5. Fogarty also finds that, if employee representatives in the various organs of co-determination "are forced to rate one organ against another, the highest vote seems to go equally to the supervisory board and the works council, with the labour director some way behind...."

2) Ibid., loc.cit., P.96.

3) Quoted from Clark Kerr, "The Trade Union Movement and the Redistribution of Power in Postwar Germany," The Quarterly Journal of Economics, November 1954, P.560.

Those fears have hardly been realized in practice. To repeat a comment made above, co-determination has measured up neither to the worst fears of some employers, nor the fondest hopes of its labour advocates. Certainly, German unions continue to advocate the further extension of co-determination with fuller worker parity in the German economy. Management, over time, seems more and more accepting, and more positive in its attitude toward the general concept of according workers a consultative and in some cases a participative role in management.

Measuring the economic effects of co-determination is an elusive matter, since it is quite predominant in the coal and steel industries. Comparing those industries with others, it has been argued that it points "both ways" on production and prices. Employee representatives seem to have supported new investment more strongly, and been readier to take more risks than regular shareholders and banking interests. This, plus an improved climate of industrial relations "no doubt played some part in enabling German steel firms to increase their productivity in the 50's markedly faster than their British opposite numbers." On the other hand, the improved industrial relations climate seems to have made the coal and steel companies pace-setters in improving fringe benefits, with some resulting inflationary pressures. (Other German industries tended to <u>follow</u> this lead, with the result that no special case can be made about coal and steel, but the latter clearly seems to have been the leader.) The gain to productivity, then, seems to be offset against a possible inflation loss, with "no clear cut effect on over-all economic efficiency..."[1)]

---

1) Pegarty, <u>loc.cit.</u>, pp.89-90.

India: Joint Management Councils

Although India had experimented with "works committees" before and after her independence, these had largely taken the form of grievance machinery, designed to deal with typical negotiating issues. The first major effort to find the means for associating Indian workers in managerial tasks was called for in the Second Year Plan which declared:

> "For the successful implementation of the Plan, increased association of labour with management is necessary. Such a measure would help in (a) promoting increased productivity for the general benefit of the enterprise, the employees and the community, (b) giving employees a better understanding of their role in the working of industry and of the process of production, and (c) satisfying the workers' urge for self expression, thus leading to industrial peace, better relations and increased co-operation. This could be achieved by providing for councils of management consisting of representatives of management, technicians and workers. It should be the responsibility of the management to supply such a council of management a fair and correct statement of all relevant information which would enable the council to function effectively. A council of management should be entitled to discuss various matters pertaining to the establishment and to recommend steps for its better working. Matters which fall within the purview of collective bargaining should, however, be excluded from the scope of discussion in the council.."[1]

Following this broad statement of policy the government appointed a special study group composed of top level union, management and government officials who made an inquiry into the feasibility of establishing a system of worker participation in the management of Indian industry--public and private. It studied the experience of a number of European countries and reported favourably on the possibilities of closer collaboration between workers and management, but the Group was cautious in refraining from any detailed recommendations. It largely confined itself

---

1) Quoted in Report of the Study Group on Worker Participation in Management, 1957, Albion Press, New Delhi, India., P.1.

to showing areas where some of the decisions might have to be made, as: the size of the council; whether remuneration should be paid to members; the scope of consultation; etc.[1)]

The Study Group's report went before the 15th session of the Indian Labour Conference (a tripartite body which functions along the lines of an ILO annual conference acting for India alone) and that body set forth the main lines along which it was hoped joint Councils would function. No legislation was deemed necessary by the Conference, "As the employers were willing to introduce schemes of worker participation in selected industrial units on a voluntary basis...." The Study Group suggested the emphasis of the Council's work would be: on the improvement of productivity, matters relating to retrenchment, rationalization; closure, reduction in or cessation of operations; introduction of new methods, and like matters. To reduce "the danger of apathy," the Councils might also be entrusted with supervision of "welfare measures, supervision of safety measures, operation of vocational training and apprenticeship schemes, preparation of schedules of working hours and breaks of holidays and payments of rewards for valuable suggestions."[2)]

The same Conference sought to separate key negotiating issues such as "wages and bonus and individual grievances from the purview of joint bodies," but otherwise thought the "list of functions should be left flexible enough to be settled by joint consultation between the management and the representative trade unions." The report specifically added, "There should be a strong self-confident trade union, closely associated with the machinery of participation," and the union (or unions) should be associated "in the selection of workers' representatives" in the joint management councils.[3)]

---

1) Ibid. pp. 74-81.

---

2) "Main Conclusions/ Recommendation of the 15th Session of the Indian Labour Conference Held at New Delhi on 11th and 12th of July 1957," contained in Reports on the Working of Joint Management Councils, Ministry of Labour and Employment, Government of India, 1965, P.167.

---

3) Ibid.

A draft model agreement was later prepared by a sub-committee of the Indian Labour Conference and it sets forth the subject areas which are appropriate for Joint-Councils as well as those areas (previously mentioned) which might best be excluded. This draft agreement does not spell out such matters as the size of the Council, the problems of remuneration for worker-members, how frequently meetings should be called, etc. It does propose a joint (labour and management) council, and it largely concerns itself with the subject area of the Council's work.[1)]

The system remains essentially on a voluntary basis, and as of May 15, 1966, had been put into operation in 81 private establishments and 41 "firms" in the public sector.[2)]

After some seven or eight years of operations, the government of India has drawn some cautious conclusions on the operations of these Joint Management Councils.[3)]

In every instance the Council was set up by agreements between the management and the unions, generally along the lines of the Model Agreement suggested by the Indian Labour Conference. The size of the Council varies from 6 to 12 members, half representing labour. Management, of course, chooses its own representatives and in most cases the worker's representatives are nominated by the union. In some instances workers' representatives are chosen by secret ballot taken among all employees.

The use of a secret ballot vote may be especially desirable where, as is often the case in India, there are competing unions in a given establishment and the unions are unable to agree on

---

1) The draft model agreement is reproduced in Appendix A to this chapter.

2) From a mimeographed insert contained in Ibid.

3) The following is taken from Ibid., pp.3-10; except where otherwise indicated.

the distribution of workers' seats on the Councils.[1]

The level of management representation in the Council can be a serious problem. Complaint was voiced by workers' representatives in several firms that decisions taken by the Council were not implemented by top management. It appeared that the management representatives on the Council were from too low a level, and "were not always alert or did not have the requisite understanding or knowledge of management views and, therefore, became parties to decisions which Management found difficult to implement." In one relevant case, the first Joint Council collapsed, when management failed to implement a unanimous decision of the body.[2]

Where a plant is part of the public sector it is possible that difficulties may arise because management at a particular plant may lack authority to implement the recommendations of the Joint Council. It was noted that in one government-owned hydrogenation plant,

> "The workers representation on the Managing Council stated that whatever decisions were reached in the Council which were within the competence of the Factory Manager to implement, were implemented promptly. In many cases, however, decisions were referred to Government for final orders and invariably nothing further was heard about them...." 3).

Workers in a government oil factory similarly complained that Council "decisions arrived at unanimously are not implemented, because they are beyond the competence of the local management."[4]

---

1) This method was used in at least three company case histories described by the government where there were major competing unions, op.cit., pp. 39, 48 and 79. It may be significant that despite the widespread existence of plural unionism in India, a large number of the case histories of Joint Management Councils described by the government involves situations where one union is clearly predominant or alone.

2) Shree Digvijay Cement Company, Sikka, case cited in Ibid. pp.110, 114.

3) Ibid., p. 52.

4) Ibid., P. 54.

The Indian experience suggests that interest in these Councils may be highest at their outset. Attendance seems to fall off as time advances. The government assessment of the Councils stresses "The need for holding the meetings of Joint Councils regularly irrespective of whether or not there were adequate subjects to discuss." This can, at least, be questioned. It might be wiser to schedule fewer meetings, and make them more substantive in character. After all, the problem of maintaining worker interest in "meetings" plagues labour groups nearly everywhere--and there is no easy logic which proves Joint Management Councils can necessarily do any better.

Generally speaking, the overall assessment of the Council's work finds that worker representatives are more interested in matters affecting their benefits and redressing their grievances than in increasing productivity, dicussing better plant utilisation and other traditionally managerial areas. Often management is reluctant to discuss the problems of production with workers, fearing their intrusion here and/or the workers' lack of competence. The Report observes on these problems:

> "...The subjects sought to be discussed in the council meetings...also reveal to what extent the parties appreciate the purpose and the scope of the Joint Council. In most cases workers' representatives seem to care more for the enlargement of the amenities and facilities, and in a few cases the redressal of grievances, than about larger problems, such as increasing productivity, reducing absenteeism, effecting economies, and suggesting the methods for more efficient utilisation of plant and equipment... In several cases bring such [production] matters on the agenda as they are doubtful about the competence of workers' representatives to understand such problems and much less to make any contribution to their solution."1)

Few workers' representatives are knowledgeable in these areas of finance, production and the like, and this helps account for the failure of the Councils in this respect. There are, however, cases where management has successfully sought

---

1) Ibid., P.4.

to take the workers representatives fully into their confidence regarding the economic position of the firm, changes in methods of production, problems relating to raw materials and marketing, the profits and loss position, the need for laying off workers when such occasion arose, etc....[1)]

In the same plant, it is noted that "apart from the discussions about information volunteered by the management, the workers' representatives were not themselves ordinarily urging subjects or problems for discussion."

More directly, management did take successful steps to transfer to the Council some administrative responsibilities "for the administration of welfare measures, supervision of safety measures, the weavers' training scheme and the suggestion scheme.."

Both parties in this particular plant profess enthusiasm about the functioning of the Council (significantly retitled a Joint Consultative Council, and not Joint Management Council--italics added). Productivity is up, so is quality, profits, employment, etc.

While the latter criteria are interesting, examination of the 30 case histories cited by the government indicates the virtual impossibility of scientifically relating changes in employment, productivity, absenteeism or the like to the functioning of the committees. Interestingly enough, however, as of 1965 "in no industrial undertaking in which a Joint Management Council is functioning had there been any dispute resulting in work stoppage since the setting up of the Council." Generally, too, turnover has declined in most Council plants, although absenteeism was not significantly affected.

While improvements in profits and productivity in the plants are hard to trace directly to the Councils, the Report does note a great increase in "closer understanding between the management and the workers" in appreciating "the difficulties and problems of one another."

The government, in its assessment recognizes that in too few cases have any plans been developed "to enable the workers to

---

1) Ibid., Arvind Mills case, Ahmedabad, pp.13-19.

share the fruits of higher productivity" which may flow from joint consultation. It notes that in some of the enterprises where some effort seems to have been made to relate workers' benefits to such increases in productivity the production results have been "remarkable." It warns that so long as management limits its increase productivity "appeal to the higher sentiments of the workers" and stresses only the duty the latter "owe to the industry and the nation", these appeals are likely to be "infructuous unless accompanied by an offer of share the gains to higher productivity".[1)]

A few additional features of the Indian experience are also worth noting. While a workers' suggestion scheme is in effect in most Councils, very few suggestions have been received. One major difficulty appears to be workers' fear of being "snubbed" by supervisors. It also seems that workers are often "incapable of reducing to writing" their suggestions. The assessment concludes that some special method and assistance is needed to help workers formulate their ideas and put them in writing. More prompt recognition of suggestions and a liberal system of rewards is proposed.[2)]

Sub-committees are often used extensively under a Joint Management Council. Sub areas as safety or plant welfare (including the operation of canteens) can conceivably be delegated to such sub-committees. Membership on sub-committees need not be limited to Council members. Indeed, sub-committees can be a device to draw more workers into the consultative process. Toward the same objective of wider worker participation and interest it is proposed the minutes of the Joint Council meetings

---

1) Ibid., P.6.

---

2) Ibid., P.6. Somewhat similar difficulties so far as lack of workers' confidence and failure of management to respond affirmatively and quickly enough also seems to be a problem in some Western countries. See Attitudes and Methods of Communication and Consultation Between Employers and Workers at Individual [illegible], Organization for Economic Co-operation and Development, Paris, 1962, pp.53-58.

be posted on Notice Boards, meetings of the entire plant complement and/or of given departments be convened, activities of the Joint Council be noted in company bulletins, etc.

Great stress is laid, in India, on the necessity for special training of Council members, if the body is to meet its responsibilities. This aspect of worker participation will be dealt with below.

The system of Joint Management Councils is still relatively new in India, and the number of firms in which it is operating is small. The Indian government continues to lodge serious hope in the process, and most of the trade unions continue to support the programme. The experience to date, represented in the government's own report, indicates that so far as drawing workers into genuinely managerial areas such as production, lay-out, marketing and the like, very little has been realized. By and large the activities, on the workers' side, tend to concentrate on welfare benefits and facilities-- which certainly is not to be minimized. But the government's plea that in the work of the Councils "more importance should be assigned, particularly by workers' representatives to production and other problems... rather than urging the enlargement of amenities and facilities for workmen..." seems to sum up most of the development to date.[1)]

Perhaps the attainment of more comfortable living standards, greater experience, and more special education can help produce a more positive attitude and participation among workers toward the broader problems of management and the enterprise.

One critic of the system argues that in the mixed nature of socialism-capitalism which prevails in India, as well as the absence of strong unions and clear understanding as to how the benefits of increased productivity would be shared, conditions in India are simply unfavourable for such devices.[2)]

Other criticism has been voiced of the operation of the system of Joint Management Councils, in some cases by government

---

1) Ibid., P.9.

2) S.C. Pant, Indian Labour Problems, Chaitanya Publishing House, Allahbad, India, 1965, pp. 156-157.

officials. The Indian Minister of Labour in a speech in Delhi in October 1965 complained that the plan to set up councils was being implemented too slowly, and he pointed particularly to the "extremely poor" performance of the public sector.[1)]

Despite these difficulties and criticisms it seems likely that the effort to extend the system of Joint Management Councils will continue. The largest of the Indian labour federations, the Indian National Trade Union Congress (INTUC), continues to give enthusiastic support to the programme. Its newspaper, from time to time, gives prominent display of successful instances of workers' participation and its Congresses continue to affirm their warm support for the programme.[2)]

1) Speech of Union Labour and Employment Minister D. Sanjivayya, as reported in Time of India, Oct. 29, 1965.

2) See for example, The Indian Worker (Delhi), January 10, 1966 and May 2, 1966.

Appendix A*

Draft Model Agreement Regarding Establishment of Councils of Management

1. The Company and the Union appreciate that an increasing measure of association of employees with the management of the works would be desirable and would help (a) in promoting increased productivity for the general benefit of the enterprise, the employees and the country, (b) in giving employees a better understanding of their role and importance in the working of the industry and in the process of production and (c) in satisfying the urge for self-expression.

2. It is, therefore, agreed that a Council/Councils of Management consisting of representatives of the management and of the employees be set up.

3. The constitution of this Council/these Councils and the procedure to be followed by it/them would be as set out in the Annexure.

4. It would be the endeavour of the Council/Councils (i) to improve the working and living conditions of the employees, (ii) to improve productivity, (iii) to encourage suggestions from the employees, (iv) to assist in the administration of laws and agreements, (v) to serve generally as an authentic channel of communication between the management and the employees and (vi) to create in the employees a live sense of participation.

5. The Council/Councils would be consulted by the management on matters like: (i) general administration of Standing Orders and their amendment, when needed; (ii) introduction of new methods of production and manufacture involving re-deployment of men and machinery; (iii) closure, reduction in or cessation of operation.

6. The Council/Councils would also have the right to receive information, discuss and give suggestions on: (i) general economic situation of the concern; (ii) the state of the market, production and sales programmes; (iii) organisation and general running of the undertaking; (iv) circumstances of manufacture and work; (vi) the annual balance sheet and profit and loss statement and connected documents and explanation; (viii) such other matters as may be agreed to.

7. The Council/Councils would be entrusted with responsibility in respect of: (i) administration of welfare measures; (ii) supervision of safety measures; (iii) operation of vocational training and apprenticeship schemes; (iv) preparation of

---

* Reports on the Working of Joint Management Councils, Government of India, 1965, pp.169-170.

schedules of working hours and breaks and of holidays; (v) payment of rewards for valuable suggestions received from the employees; (vi) any other matter as may be agreed by the Joint Council.

8. All matters e.g. wages, bonus, etc. which are subjects for collective bargaining are excluded from the scope of the Council/Councils. Individual grievances are also excluded from its/their scope. In short, creation of new rights as between employers and workers should be outside the jurisdiction of the Management Council.

Workers' Management in Yugoslavia *

Nowhere has the experiment with workers' participation in management aroused as much interest as in the case of Yugoslavia. Here the effort has been directed at transferring basic managerial functions. Under this plan the objective is management of the plant by the workers' councils, and not just consultation or joint participation on the part of workers.

Workers councils go back in Communist Yugoslavia to the end of 1949. The first orders authorizing their establishment gave them "very restricted functions" largely in the nature of permitting them to "examine proposals," "propose measures," advance observations, etc. The "measures and conclusions of the Workers' Councils /were/ ...not binding for the director" of the establishment.[1]

On the basis of the experience with these advisory type councils the government proceeded to issue a new act, in June, 1950, which set up the present system of worker management, by means of the workers' councils and related institutions. The councils were transformed from mere advisory to operating bodies.[2]

While this report will concentrate on the workers' management councils at the plant-enterprise level, it is important to remember that the autonomy of the plant is restricted in a number of aspects by outside institutions. The local Council

---

1) Aser Deleon, 33 Questions 33 Answers on Workers' Self Government in Yugoslavia, Publicity Enterprise Yugoslavia, Beograd, 1956, P.18.

---

2) Ibid., P.20.

---

*The student of this subject, unlike the case of worker participation in most countries is confronted by a variety of source material, and choice becomes the problem here. This report has attempted to draw upon a range of sources, some official, some by Western European and American students, one by the ILO, etc. A few of the studies are partially critical, but it should be noted that even the critical material is generally set forth in a sympathetic, analytical framework.

of Producers for example, is entitled to inspect the operations of a given enterprise and make "recommendations concerning future policies." The director of the enterprise, as will be seen below, is appointed in consultation with a committee of the local commune. The banks exercise credit control over most enterprises. The enterprise is part of an industrial chamber which groups it along with similar enterprises to assist it in technological research and in establishing commercial relations with other countries.[1)]

While it is not of central concern to this report, it should be noted that neither the employees of the enterprise nor the Workers' Council is presumed to be its owners. Factories rather are nationalized or, more precisely, considered "social property" in Yugoslavia, and "Workers' self-government stands for the rights of management by direct producers on that part of social property which was given to them for utilization, and not as a title to that property..."[2)]

Within this broader framework, the system of Workers' Councils is entrusted with the task of plant management. All decisions on production, marketing, investment, personnel wage and salary schedules, etc., are subject to its control. To help execute these decisions, as will be seen below, the Council elects a Managing Board and supervises its activities. To a degree, its power in day to day operations is shared with the plant's executive, the Director.

Workers' Councils are supposed to be elected in all establishments with 30 or more workers; in the latter, smaller cases, it is expected that "the whole labour force exercises the rights and duties of the Workers' Councils."[3)]

---

1) Jiri Kolaji, Workers' Councils, the Yugoslav Experience, Tavistock Publications, London, 1965, pp.2-3. For an extensive description of the broader planning and administrative framework see Internation Labour Organisation, Workers' Management in Yugoslavia, Geneva, 1962, Chapters 1 and 2.

2) 33 Questions..., op.cit., P.22.

3) Workers' Management of a Factory in Yugoslavia, a Monograph about the "Rade Koncar" Works, Zagreb, Jugoslavia, Beograd, 1959, P.26.

The Workers' Council which is considered "the supreme body of the establishment" consists of from 15 to 120 members, depending on the size of the enterprise. Members are elected for one year, generally by the enterprise work force at large. Since 1956, however, elections on a departmental basis can be held, and in large establishments they are often conducted that way. Trade union committees are given responsibility for organizing first elections of the Council, succeeding elections are largely under the supervision of the incumbent Council.[1)]

Normally, in a regular, ongoing establishment situation, when election time approaches, a list of candidates for the Workers' Council is drawn up by workers' assemblies convened by the Workers' Council, either in individual departments or in one assembly covering the entire establishment. Any eligible voter present may also nominate a candidate, whose name is added to the list, provided he is seconded by at least three other voters and endorsed by a majority of the assembly. Voters cast individual ballots, in the actual election for Council members, for the candidates of their choice regardless of lists. Candidates receiving the largest number of votes are elected; but if less than 50% of the eligible voters cast ballots, the elections are not valid, and new elections must be held.[2)]

Council members are elected for two year terms, but only one half of the members are replaced annually. Members are not eligible for re-election.[3]

Members of the Workers' Council cannot be discharged or transferred without their consent during their terms of office. Similar protection is extended to the members of the board of management, referred to below. Members of these bodies are not subject to regular disciplinary actions; rather they can be only

---

1) I.L.O., Workers' Management..., op.cit., P.76.

2) "New Yugoslav Legislation Governing Election to Workers' Councils and the Appointment of Directors of Undertakings," International Labour Review, September, 1964, pp.278-281.

3) Ibid., P.279.

proceeded against by the workers' council itself before a tripartite arbitration commission set up for this purpose by the local commune.[1)]

Workers in any of the elected plant managerial bodies receive no extra pay, but are compensated for attendance at meetings held during working hours. These rules are apparently breached from time to time, and some changes have been made about special payments to council members, members being favoured in "promotion, housing, and so forth." The I.L.O. notes, however, that these cases appear to be relatively few.[2)]

The Council which is required by statute to meet at least every six weeks, acts on the broad fundamental decisions of the firm. It passes on the purchase and sale of assets, the wage and salary schedule, budget, balance sheets and profit and loss statement, distribution of earnings, decisions on investment in new plant, etc.[3)]

The Workers' Council chooses the Managing Board for a term of one year (and may dismiss it before the term expires). The Managing Board may consist of from three to eleven people including the Director who is a member by virtue of his office. (In establishments of any fair size it is usually eleven.) At least three-fourths of the Managing Board are to come from the ranks of production workers. Members of the Board need not be Council members, but in practice the majority are. Members are only eligible for a maximum of two terms on the Managing Board.[4)]

The Managing Board acts as the "executive body of the Workers' Council." Weekly meetings of the Managerial Boards seem to be the rule, at least in the large establishments. The Board

---

1) I.L.O., Workers' Management..., op.cit., P.88.

2) Ibid., pp.89-90.

3) For a good example of the decisions of one meeting of the Workers' Council of an electrical manufacturing establishment at Zagreb (admittedly something of a model establishment), see Workers' Management of a Factory..., op.cit., pp.34-35.

4) Workers' Management of a Factory..., op.cit., pp.26-27.

translates the Council's decisions into action, and may also make day to day decisions on current matters. The Board may decide "on managerial appointments in the firm and on individual complaints in the area of industrial relations against the director."[1)]

A study of two factories in Yugoslavia seems to indicate that white collar and managerial members of the workers' councils, and especially of the managerial board carry a major share of the discussion and leadership in those bodies, so far as suggestions, plans, etc. are concerned.[2)]

The Director of the undertaking is the "main executive agent" of the entire system of workers' management. He is in charge of "organizing the day-to-day work of the undertaking and as such is in charge of the whole personnel..." As director he is, nevertheless, only an employee of the enterprise and his "conditions of employment" are subject to the "rules and decisions of its management bodies," i.e. the Workers' Council and the Managing Board.[3)]

When a position of director comes vacant an open competition is organized for the post. A selection committee is established with half of its members appointed by the Workers' Council and half designated by the local commune (higher government authorities, instead of the commune, may appoint half the members of the selection committee in the case of very large or vital undertakings.) The director, when finally selected by the committee, is recommended to the Workers' Council for approval. The Council can accept or reject the nominee. If he is rejected a new competition is organized. The decision of the Council is communicated to all candidates, and any of the latter may appeal to the communal assembly to reverse the choice, on the grounds that the

---

1) Ibid., P.36 and Sturmthal, op.cit., P.96.

2) Kolaji, op.cit., pp.16-23.

3) I.L.O., Workers' Management..., op.cit., pp.100-101. Chapter III in this study includes a comprehensive description of the formal position of the Director.

74.10.14

3 OF 4

01441

candidate selected didn't meet the requirements for the post.[1)]

The Director is subject to recall during his four year term (which can be renewed), on petition instigated by one third of the eligible electors, one third of the Workers' Council, or by the communal assembly. The recall petition is submitted to a committee similar to the selection committee which can make a recommendation for recall to the Workers' Council which can approve or reject.[2)]

The Director is the executive officer, in sense, of the Council and Managing Board; under some circumstances, however, as: apathy among the workers; the immature state of the working class in a particular region, or the excessively superior technical competence of the director--the latter's power can

---

1) "New Yugoslav Legislation...etc., "International Labour Review, September, 1964, op.cit., P.280.

---

2) Ibid., P.280. Nearly 10% of all directors were relieved of their offices during 1956, according to Sturmthal, op.cit., P.112.

become very considerable in the enterprise.[1)]

This possibility is related in a general sense, to the over-riding problem of arousing workers' interest and participation in the whole process of management. Generally speaking, it has been found that Council members "were on surer grounds" when confronting "personal matters" (wages, housing, etc.), as opposed to decisions like those "over investment and marketing." In the latter areas, the Councils often show "heavy reliance on the advice of the technical and administrative staff...[2)]

Kolaji's case studies, previously referred to, seem to indicate that when individual grievances are at stake, or when questions of wages or the allocation of enterprise built housing

---

1) Two British writers in a very sympathetic account of the Yugoslav system nevertheless write:

> "...the Director may be able to exploit his position, either for personal material satisfactions (company cars, etc.) or to render the work of the elected organs of management less effective. He may choose to exercise his superior knowledge, his control over the communications of the Enterprise, to weaken the reality of Workers' Management. He may employ technical jargon in providing the Councils with documents. He may use his control over clerical departments to delay the implementation of Council decisions. Apathy, or an exaggerated sense of respect for, or fear of, authority, may encourage him to 'get away with it'. (We should remember that the Yugoslav working class has no long and successful history of independent action against industrial authority, such as the British trade union inherits.) That these are real problems is indicated by the prevalence of campaigns in the Yugoslav press against the 'omnipotence' of the Directors, and by the need occasionally for the Trade Union at Commune or District level to intervene to redress the balance between a Director and his Workers' Council. The Press, however, and (in this context) the Union, are outside bodies, and the position will only become completely satisfactory when the Councils and Collectives are fully aware of their formal powers. (Of course, in many cases they already are, but there is still a significant proportion of cases--and some whole regions perhaps--where they are not.)"

See Frederick Singleton and Anthony Topham, Workers' Control in Yugoslavia, Fabian Research Series 233, The Fabian Society, 1963, P.13.

2. Ibid., P.23.

are under discussion, the worker members of the Council are likely to be quite active in discussion; but when production, marketing and similar issues are under consideration discussion tended to be dominated by the director or the technical and higher white collar personnel.[1)]

Part of this can probably be attributed to the inexperience of the workers. Time may redress some of this seeming "imbalance"; in addition the unions are engaged in campaigns of workers' education to prepare Workers' Council members to perform more effectively.

Kolaji, however, has raised a more serious point about the whole theory of workers' management, or even workers' participation in management. The Council (or the Board) after all, as he notes, is engaged in the function of management. When worker representatives co-operate in this function (along with the Director, department heads, etc.) there is some question as to whether or not they are "precluded...[from] becoming a genuine worker body..." He notes that in the two cases he studied, the management officers (director and department heads) tended to consult together and in one case even formed an informal "collegium". The worker members, on the other hand, participated directly on the Council and the Managing Board, without resorting to any sort of informal caucus. Kolaji speculates that worker participation might be enhanced "If the workers [on the Council] had an organization of their own, as the management had its collegium," thereby bringing about a balance "between the men who manipulate concepts [executive types] and the men who manipulate things [workers]..." Kolaji immediately concedes, of course, that this runs counter to the basic Yugoslav theory which seeks "to decrease the management-labour dichotomy..."[2)]

This problem, it can be argued, in part, is one of communication. To the extent that the mass of workers can be interested in the "system" the preponderant role which managerial

---

1) Kolaji, op.cit., esp. Chapters 2 and 3.

2) Ibid., P.72.

personnel may play can be offset and reduced.[1)]

Full meetings of the plant work force to discuss problems with the Council, meetings of particular departments, use of bulletin boards and the factory paper are employed here. In addition the meetings of the Workers' Council are open to all, and employees who are not members can attend and speak or ask questions. Only Council members can, however, vote. Secret votes can be requested and taken by the Council on particular issues.

The Yugoslav system of workers' management has developed in a manner that poses a special problem of the relationship between the Workers' Councils and the trade unions. These bodies are quite separate, even though, as already noted, the trade unions present nomination lists for the Councils.

While the trade union has some functions within the Yugoslav plant, the larger tasks of representing workers' interests and participation at that level have fallen to the Councils. The unions act as a broader force representing workers in the community at large. The unions also assist workers with their personal problems, as sickness, etc.

Among the tasks "of the trade unions is to mobilise their members for increasing the productivity of labour, for combatting everything that delays the establishment of socialist relations in production and distribution..."[2)]

The unions may also act to see that in exercising their

---

1) Ralf Dahrendorf argues strongly that the workers' representatives who are involved in managerial bodies inevitably must adopt a managerial type posture if they are to carry out the managerial function effectively. Speaking of the labour appointed member of the three man company executive board under German co-determination Dahrendorf notes"...the labour manager belongs, by virtue of his position, to the ruling quasi-group of those whose objective role interests" are managerial as opposed to worker interests. The fact that this labour manager is chosen by the workers, or comes from the ranks of labour, is not crucial. Dahrendorf argues "his latent interests change...latent interests are associated with positions, not persons, and...they are therefore in principle exchangeable with positions..." Class and Class Conflict in Industrial Society, pp.257-267, and esp. 265.

2) Workers' Management of a Factory..., op.cit., P.99

financial powers "the Workers' Councils adopt such a decision which will best coincide with the state of affairs of the establishment." Thus, the unions may seek to overcome what could be a parochial attitude of a Workers' Council which might neglect investment in favour of excessive distribution of the enterprise's revenues. As one official report states:

> "It is the task of the trade union organization... also to explain the harmfulness of the policy aimed at allocating the lesser part of the profit to the plant's development funds. Such a policy would soon bring the plant into economic difficulties for it would lag and would be unable to contend with the competition with other enterprises...during later years it would be unable to assure sufficient funds for wages and salaries... the trade union organization should regard its task of continually improving the material position of the workers in perspective and oppose tendencies aimed at setting aside too small, a part of the profit for the plant's development funds. It is the duty of the trade union organization also to fight for an adequate distribution of the part profit allocated to personal incomes of the working force."1)

In practice it actually appears that the unions' functions, at the plant overlap the Workers' Councils. One commentary states that sometimes "the union organizations 'forget themselves' and identify their work with that of the organs of management..." Occasionally the reverse may occur, "the organs of management [Workers' Councils] start to operate as trade-union organisations. True, fewer such cases are recorded, yet they exist and are just as harmful as the first."2)

The unions, in Yugoslavia, are also entrusted with the major task of workers' education, including the extensive training of Council members.

It is conceivable, of course, that a system such as workers' management could be set up, in another country, which would involve

---

1) Ibid., P.100

2) 33 Questions...., op.cit.; P.37. Kolaji, op.cit., pp.27 and 31 makes a similar observation on some overlap between union and Workers' Council.

the unions directly, rather than two levels of worker representation. On the other hand some argument can be made for separating sharply so called negotiating or more conflict type of issues, from those which involve matters of labour-management machinery would be advisable, in this view. This, however, poses the possibility of conflict between the two levels of worker representation. Moreover if there are two sets of representatives management, in some situations they may be tempted to play off the "co-operation" worker representatives against the worker representatives who have responsibility for negotiating on conflict areas.[1)]

It may be impossible to separate issues like work lay out and organization (presumably in the area of co-operation) from wage setting (presumably in the area of negotiation or conflict). Additional experience and study of this problem as it has arisen in other countries which have experimented with joint councils should be helpful in the future.

Workers' Participation, Some Concluding Observations

It is difficult to generalize about so diverse as a movement as workers' participation in different countries of the world. So far as economic results are concerned, there are so many variables that enter into any single plant as industry, it is next to impossible to judge whether significant productivity increases which may have occurred are in any way related to changes in workers' attitudes.[2)]

The economic test, however, is not the only one which can be applied in appraising workers' control. Behind the movement lies, above all, the conviction that workers should have the right and

---

1) Sturmthal, op.cit., P.

---

2) Kenneth F. Walker and L. Greyfie de Bellecombe, "Workers Participation in Management," International Institute for Labour Studies Bulletin 2, February, 1967. These authors also suggest that in the case of German co-determination in coal and steel, which we have earlier cited as an instance where productivity improvement seemed to follow workers' participation, "the system of co-determination exerts no influence in the economic field.

opportunity to be more than manipulated cogs in modern enterprise. While, again, it is difficult to estimate the workers' participation movement on this level, there seems wide agreement that the various systems of joint consultation, co-determination and the like do "humanize" the general industrial relations atmosphere of the plant. For the newly industrializing nations, systems of workers' participation in management may also offer the opportunity to integrate a new work force into the development framework more rapidly.

As previously observed, among the greatest difficulties to be overcome in making workers' participation in management successful are indifference and/or ignorance on the part of workers. Whether in Great Britain, Germany, India or Yugoslavia, there is almost constant complaint that the workers' representatives in management bodies are largely passive, unless the discussions touch upon immediate benefit issues affecting the work force. Subjects like marketing, production plans or the like seem to be beyond the grasp of workers in some of these cases, or of minor interest to them. More intensive and improved training programmes for workers as a whole, and particularly for members of management participation committees or councils may help overcome this ignorance or apathy. There may well be, however, basic, functional differences between workers and managers which will continue to leave most of the former indifferent to the higher managerial tasks, under the best of circumstances.

One reason for this indifference may stem from the fact that worker participation schemes are usually aimed at top level managerial decisions. For most workers the difficult barrier to overcome may be between himself and his immediate superior. In a few cases "where participation has taken the form of re-organisation of the work on a basis of autonomous responsible groups" on the shop floor, interest has increased and production seems to have improved.[1)]

For management, too, genuine commitment to and acceptance of worker participation in management may be less than complete.

---

1) Ibid., pp.75,95.

The long, authoritarian tradition of management in many countries less developed, as well as developed, often makes it hard to accept workers (or their representations) in management councils, on other than a token basis. This is true, in many instances, of native as well as foreign management.

Another generalization which derives from experience in a number of countries is that worker participation in management plans are not likely to be successful in the absence of effective worker-representation channels, unions, to deal with grievances on immediate wages and working conditions. Workers, in this absence, are likely either to avoid the participation machinery, or to convert it into grievance machinery with little regard to the managerial problems of the enterprise.

Most plans for workers' participation in management are relatively new, and there doubtless is much to be learned from a close study of this field in the years ahead.

Chapter IIIa

PRODUCTIVITY CENTRES TO FACILITATE ECONOMIC GROWTH

It has already been suggested (see Chapter I, Introduction, esp. pp. 11-12 above) that economists have only recently begun to obtain a fuller appreciation of all the sources of improved growth in today's economies. Added inputs of conventional, tangible capital and manhours, in most long term growth studies, seem to account for no more (and often less) than 50% of actual growth. All or a large part of the additional 50% seems to lie in improved human resource factors in production.

While the introductory chapter (I) above dwelled on such human "investment" areas as health, education and the like, it also appears that sheer improvements in human technique and human organization can also reap important productivity improvement.

A recent study by Professor Harvey Leibenstein suggests that improvement in allocation of production factors, in the ordinary economic sense, for example, the transfer of capital and labour to other industries to overcome monopoly effects, seems to yield only modest production effects. The elimination of monopoly according to one study of the U.S. economy, and the resultant broad reallocation of resources, in and of itself, would seem to promise no more than a one percent improvement in national income. The advantage gained under a Common Market, merely in terms of improved allocation of resources yields similarly, modest results.[1)]

Yet as Leibenstein asserts, the feeling persists that the potential efficiency improvements in most economic organisations are larger. As opposed to improvement in mere allocation efficiency he proposes the theory of an X-efficiency which can yield higher results.

---

1) Harvey Leibenstein, "allocative Efficiency Vs. X-Efficiency," The American Economic Review, June, 1966, pp 1-2.

Surveying a series of empirical studies such as those of Professor Lundberg did of 2 Swedish steel plants, Professor Harbison did of 2 Egyptian petroleum refineries and such as Professor Kilby's summary of the results of I.L.O. Productivity Missions to seven less developed nations, Leibenstein concludes that there are, typically enormous possibilities for improvements in the efficiency of actual, existing enterprises which can flow from improved management, the transfer of new organization techniques, the enlistment of workers' support, and like matters. An empirical study of the efficiency improvement which can flow from the advice of well informed management consultants is another empirical case in point. The results from these kinds of "improvements", Leibenstein finds, dwarf the modest returns to be anticipated by mere allocative shifts not accompanied by new motivations or new organization.[1]) He argues generally, that this so-called X-efficiency factor is potentially of great importance as he concludes:

" ... firms and economies do not operate on an outer-bound production possibility surface consistent with their resources. Rather they actually work on a production surface that is well within that outer bound. This means that for a variety of reasons people and organizations normally work neither as hard nor as effectively as they could..."2)

It follows, then, that in countless enterprises (and, indeed, in most entire economies) the conscious, purposeful application of improved organization,. technique, the stimulation of improved motivation---these and like programmes, with little or no new capital, can lead to great productivity improvements.

While the introduction of new labour-management forms of consultation are one aspect of the search for improved technique and motivations, in a number of countries new, national institutions have been established to try to generalize such efforts.

---

1) Leibenstein, op.cit., passim.

---

2) Ibid., P.413.

These institutions have usually been called productivity centres. In several countries they have been set up on a combined labour-management and/or labour-management government basis, in recognition of the need to draw all parties into this effort.

Although these are new institutions, and occasionally are viewed with some suspicion, they do have an "old" counterpart in the agricultural field. The conviction that agricultural production can be improved by the conscious spread of improved agricultural techniques through experimental stations, visiting agricultural agents and the distribution of technical information, generally, to farmers, has wide acceptance. There seems no reason to believe that at least <u>some</u> of the same benefits cannot be achieved in the non-agricultural field, through the use of devices such as productivity centres. This is said while also recognizing that in a social setting such as an enterprise, with technical change dependent, in part, on labour-management relations, purely "scientific" factors are not as easily isolated or applied as in the field of agriculture.

While there are a number of countries experimenting in this new field, we have chosen as examples, below, Great Britain and India where the national productivity programmes are built upon union-management co-operation.

<u>The British Productivity Council</u>

The British Productivity Council is actually an outgrowth of the Anglo-American Council on Productivity established as part of the post-war economic recovery programme on the initiative of the United Kingdom and the United States in 1948. Its purpose was "furthering the programme for increased productivity which had been so strongly advocated by management and labour in the United Kingdom..."[1])

---

1) <u>Anglo-American Council on Productivity</u>, Report of the First Session: November, 1948, London, P.3.

It is no doubt significant that this British effort, in part, originated with or drew support from the United States. This kind of outside impulse may often be necessary if a nation is to "acknowledge" its own shortcomings and begin to do something about them.[1])

The Anglo-American Council consisted of representatives from unions and management in the U.S. and Great Britain. Like most productivity "centres" after it, this one started from the premise that increased productivity was broadly dependent upon increased mechanization and utilization of power; but "in the short term, however," it felt "improvement must come about through the most effective use of manpower as well as facilities at hand..." The Council's members recognized that the combined efforts of labour and management were vital to raising productivity, and the latter, the history of "the two countries has consistently shown...leads to a rising standard of living..."[2]) While much of the Council's work was of an exchange nature, between the two nations, one of its assumptions was that a major effort be made to bring to Britain the more generally advanced technical capacity of U.S. industry.

The Council laid down a programme for exchange of plant visits between British and American management and labour leaders, with a view to exchanging production techniques, work organisation methods, etc. The Council also went about encouraging improved productivity measurement in Great Britain.

---

1) Other productivity centres were also launched in Western Europe during these years--late forties, early fifties--in co-operation with the U.S. as part of the European recovery programme. In the case of developing countries it may sometimes take the impact of an outside mission, perhaps from the I.L.O., the U.N. or the World Bank to move a country into similar, critical self-examination.

2) Anglo-American Council on Productivity, Report of the First Session..., op.cit., P.4.

The Council also devoted "much attention to questions of standardisation, simplification and specialization..." particularly as it involved the study of advanced U.S. experience which might be applied in the U.K. Concentration on improved standardization and specialization of production components was viewed as a vital step to strengthen British exports.[1])

The Council also provided a convenient forum for the exchange of ideas on such subjects as approaches to vocational education in both nations.[2]) Special subcommittees of the Council functioned in the area of exchanging plant production techniques, the maintenance of productive plant and power, productivity measurements, etc. The Council also sought ways and means for improving the technical "press" in Great Britain.

The various teams of specialists who visited the U.S. (some 66 such teams visited the U.S. during the Council's 4 year life - their visits were usually made by teams for particular industries) "produced reports that are a storehouse of information on which thousands of firms in the U.K. are now drawing..."[3])

---

1) Anglo-American Council on Productivity. Report of the Second Session: March-April, 1949., P.9.

2) Ibid., P.11.

3) The Final Report of the Anglo-American Council on Productivity. September, 1952. London, P.P.

Not only did these exchanges produce such valuable information, but the experiences of British members in the U.S. plants and in visits with management and unions led to an "improvement of the climate of opinion about productivity..."1)

Over/time, incidentally, the British Colonial members had come to see that productivity differences within Britain were often as significant as those between the two countries.

From the Anglo-American Council to the British PProductivity Council As the United States' major programme of aid to Great Britain was phasing out, the Anglo-American Council also brought its work to conclusion in 1952. The General Council of the British Trades Union Congress, as the Anglo-American Congress was winding up, approved with certain qualifications the desirability of maintaining in association with the national employers' bodies some form of organisation to continue their joint work in promoting higher productivity." As a consequence, the British Productivity Council was established in November, 1952.2)

There was a brief flurry of opposition voiced against the new B.P.C. within the trade union movement. One leading trade unionist contended that in setting up local productivity councils the new B.P.C. had "infringed upon the sovereign rights of affiliated organisations." The same opponent moved to instruct TUC representatives to leave the B.P.C. He feared the local councils would interfere not only with productivity matters, but with wage rate charges as well--a matter to be reserved for the unions. Opponents of this critic pointed to the voluntary character of the local councils, the fact that they were joint union-management bodies, and that no real evidence could be produced that they had interfered with collective bargaining. The motion to withdraw was heavily defeated, and since that time the B.P.C. has had rather smooth sailing.3)

---

1) Ibid., P.3.

2) Trades Union Congress Report, 1953, P.229.

3) Ibid., pp.372-380. Indeed, 4 years after this debate the man who had made the motion to withdraw became one of the TUC members on the B.P.C. Trades Union Congress Report, 1957, P.256.

Serving on the B.P.C., along with ten members from the TUC (almost invariably high ranking top officers of British unions as well as being members of the TUC's General Council) are representatives from the Confederation of British Industry, the Association of British Chambers of Commerce and the nationalized industries. The B.P.C. is financed by contributions from these bodies as well as by a government grant-in-aid. Special advisory committees have been set up to promote productivity in the building trades, in agriculture and in retailing. The B.P.C. now has some "130 local productivity committees and associations throughout the country."1)

The local productivity councils help arrange the seminars, conduct exhibits, films on productivity, etc. Until 1964 almost all local councils were handicapped by lack of personnel and had to depend on part-time staff. To overcome this difficulty the B.P.C. in 1964-65 provided finances for the appointment of nine productivity officers in large industrial areas. So-called specialist sections of the local councils work with union shop stewards and other groups on specific productive techniques at the work phase level. The Trades Union Congress expresses its "hope that trade union organisations at all levels...will take every opportunity to ensure that workers' interests are reflected in the work of the "local productivity councils.2)

Much of the work of the B.P.C. necessarily goes on at the local level. Key to this activity is the organization!s ability to persuade individual firms to assist each other in exchanging productivity techniques.3)

---

1) Britain--An Official Handbook, London, 1966, P.275

2) Trades Union Congress Report, 1965, P.275.

3) One report, for example, for South Wales in 1962 noted that 60 firms had pledged themselves to assist such local committees. NPY News, British Productivity Council, May, 1962.

In 1964 the British government contributed 270,000 pounds to the work of the B.P.C. (an increase of 100,000 pounds over the 1963 grant.) 1)

The chairmanship of the B.P.C. rotates, annually, among the different interest groups. Mr. Jack Cooper, General Secretary of the National Union of General and Municipal Workers, was elected chairman for 1966. 2)

The B.P.C. engages in a wide range of activities designed to advance productivity generally in the economy and in specific industries. In a recent year, for example, it held 53 seminars in different parts of the country on such subjects as "low cost automation, ergo-economics, value analysis, cost reduction and marketing..." Often the seminars are joint affairs, but some are conducted separately for union or management representatives. 3)

The B.P.C. set up its own work study unit in 1954 to advise various groups on productivity techniques. At first this group undertook a general series of visits to demonstrate to audiences in the country's main industrial centers the correct use of work study. 4)

More recently the work study unit has collaborated with specific industrial groups, advising on productivity techniques in shipping, retail motor trade, local government and general manufacturing industries. 5)

---

1) Ibid. P.274.

2) The Times (London), October 29, 1965.

3) Trades Union Congress Report, 1965, P.274.

4) Trades Union Congress Report, 1965, P. 256.

5) Trades Union Congress Report, 1965, P.274.

When the N.P.C. work study unit was first established, the Trades Union Congress viewed it with what seemed some apprehension. It observed:

> "The application of work study has a direct impact on earnings and working conditions-- and its introduction should be conditional upon prior agreement between the employers and trade unions concerned. In the opinion of the General Council, therefore, the utmost care is required by the Work Study Unit when lecturing or demonstrating work study techniques." 1)

Subsequent TUC reports indicate that these "fears" have disappeared.

While the B.P.C. has stressed work study and other activities designed to improve productivity, it has been sensitive to other aspects of production. In 1961 it helped to establish the National Council for Quality and Reliability which "encourages industry to give increased attention to the need to develop and apply improved inspection quality control, reliability standards and similar techniques...". The TUC supported this move and has membership on the N.C.Q.R. 2)

The B.P.C. has a fairly extensive publication programme. It issues a variety of general items on management techniques (e.g. Work Study: How to Start, Work Measurement, Case Studies in Quality Control, Cost Reduction, etc.). It also publishes "reviews" aimed at surveying the latest technological developments in different industries such as valves, fertilizers, diesel locomotives, building, packaging, etc. 3)

The B.P.C. has also prepared a series of films on subjects related to productivity, as an "Introduction to Work Study," etc. These are made available to local management and union groups.

---

1) Trade Union Congress Report, 1955, P.256.

2) Trades Union Congress Report, 1963, pp. 258-259.

3) British Productivity Council, Publications Catalogue, Vintry House, Queen Street Place, London, England.

During 1962-63 a special "National Productivity Year" was proclaimed by the B.P.C., with the aim of focusing "attention on every possible means that lie within the capacity of management and workers to raise efficiency and lower costs in ...." all sections of the economy and in government. 1)

The "Year" was launched by a national rally at which the country's leading political, managerial and labour figures spoke. Mr. Harry Douglass, chief officer of the Iron and Steel Trades Confederation, and a member of the General Council, declared,

> "As trades unionists we know that those firms which use modern techniques of production and sales achieve good quality, the right price and good delivery dates. These are the people who expand their markets, and they best provide the type of employment which we require for our members." 2)

Some of the leading themes of NPY literature were " 1) product quality and reliability 2) design 3) cost reduction (via the techniques of management, such as work study) 4) marketing (in the form of prompt deliveries, service, etc... 6) Industrial Relations. Assists the image of social conscience and relationship with organised labour ... offering more secure and better employment...." 3)

The TUC backed this project officially and as the "Year" drew to a close the Union body evaluated it, and found that "although no quantitative assessment" of its effect "was possible, the purpose having been mainly to influence attitudes toward industrial efficiency, the General Council were satisfied that the project had been worthwhile...." Some 2,500 activities had been organised in

---

1) NPY, National Productivity Year, November 1962 - November 1963, 1962.

2) NPY News, No.7, February, 1963. During this "year", the B.P.C. issued a special monthly newspaper as well as numerous pamphlets and flyers.

3) National Productivity Year, Publicity, 1962, British Productivity Council, London, pp.2-3.

connection with the "year", unions had been "provided ... with opportunities to stress the necessity for the interests of work people to be taken fully into account on productivity issues...." and a number of "specialised and professional organisations had become more closely identified with the objectives of the B.P.C...." 1)

In endorsing the National Productivity Year, the TUC issued a general guidance statement to union representatives which is worth quoting from, since it reflects the union organization's balanced view of this work:

In the General Council's view the proposed N.P.Y. was in line with the support given by Congress to the B.P.C. since the latter's formation in 1953. In the circumstances obtaining towards the end of 1962, it was more than ever important that trade union interests were emphasised whenever opportunities arose, especially in regard to employment, earnings and conditions of work. As a guide to trade union representatives the General Council circulated, in August 1962, a statement about N.P.Y., of which the following is the substance:

The recognition of the importance of economic growth and industrial efficiency has been a central theme of trade union policies for many years. Some of the issues involved have been subjects of sharp differences of view between the T.U.C., government and employers' organisations. But there is little disagreement aboutone matter: the need to use the resources of industry as effectively as possible. This need applies not only to the export production lines but to all types of industry, offices, shops, farms and anywhere where work is carried out. It applies not only to men's efforts but to materials, machines and equipment, buildings and all other resources. Neither does it apply only to the workshop floor; efficiency is certainly no less necessary in the activities of higher management than elsewhere.

Increasing productivity is a means, rather than an end in itself. Trade unions' interest and support arises because greater efficiency provides a basis for maintaining and improving security of employment, earnings, and conditions of work. But there is no easy automatic relationship between the means and the ends that trade unions want to achieve. Hard and tough negotiating is still required, but success is more likely when efficiency is rising and unit costs of production are falling than when the reverse is happening.

---

1) Trades Union Congress Report, 1964. Such professional bodies are the British Institute of Management, the Institution of Production Engineers, the Institute of Material Handlers, etc.

And in some cases workers have to be defended against disadvantages that can arise as a result of productivity techniques. These are reasons why trade unions insist that productivity measures should be properly introduced and operated with full consultation and negotiations. Because trade unions have certain ends in view they are not indifferent as to the 'means' ...

At national level the General Council will be keeping a close watch to see that trade union interests are properly reflected in N.P.Y. activities. But there is a need for local--as well as national--vigilance, and close participation in N.P.Y. committee activities on the part of local trade union representatives will be essential. This participation will present a challenge and an opportunity to do useful work for the Movement generally. The aim should be to meet the one and seize the other. Sitting on the touch-line will do no good: only positive trade union participation can ensure that workers' interests are adequately represented. 1)

Recent years have witnessed a major increase in the activities of the B.P.C. In 1966 some 300 productivity seminars were held in the country. The monthly publication of the organization, TARGET, now circulates at about 100,000 copies an issue. Following the suggestion of the Trades Union Congress officials, it "contains a substantial proportion of articles about trade union activities in productivity matters." The local productivity associations sponsored by the B.P.C. have increasingly concentrated upon "specific productivity techniques rather than engage in generalised propaganda about productivity." At the national level, the B.P.C. held a successful, top-level conference, in cooperation with country's National Economic Development Council, in September, 1966. The TUC and the Confederation of British Industry planned a number of regional productivity conferences for 1967. 2)

The British Productivity Council and its work on behalf of improving production are now widely accepted. Its area of activity has grown steadily and it continues to enjoy the close support and participation of British unions.

---

1) Trades Union Congress Report, 1963, p. 257.

2) Trades Union Congress Report, 1966, pp. 288-290. On 1967 plans see [redacted], March, 1967.

INDIAN PRODUCTIVITY CENTRE

Associated with the movement to improve production by encouraging joint cooperation between labour and management at the enterprise and plantlevel in India, is the effort to raise worker productivity generally. In 1954 the Indian government with the assistance of the I.L.O., set up a productivity Centre at Bombay whose purposes included "the training of personnel in improvement of methods of production and work measurement and for conducting pilot programmes to demonstrate that productivity could be increased with little or no extra capital investment." 1)

The Bombay centre conducts courses for government and private personnel, including managers and trade unionists, in work study, time and motion, training within industry, etc. It also helps to make experts available for individual firms and factories desirous of raising productivity.

While the Productivity Centre at Bombay functions as an "expert" bureau, the drive for higher productivity was widened with the establishment of the National Productivity Council in 1958. Composed of representatives from labour, employers' associations, government and professional institutions, 2) this Council's aim "is to campaign for

---

1) The Indian Labour Year Book 1958, The Manager Government Press, Delhi, 1959, p. 112.

2) The 1963-1964 Annual Report of the National Productivity Council, the Claxton Press, New Delhi, lists some 54 members of the Council, including 12 representatives from the four largest Indian Labour federations. Government representatives come from parliament, the public sector enterprises and various ministries. Members of Professional associations such as the Institute of Production Engineers or the Indian Institute of Personnel Management, as well as representation from small scale industries are also on the Council. pp. 36-39.

increase in productivity through improved methods, proper utilisation of resources a higher standard of living and improved working conditions." 1)

The NPC had helped to establish some 46 local productivity councils scattered throughout India, by 1964. Six regional productivity "Directorates" in major industrial centres also have been established.

The National Council which is financed by the government holds a few meetings a year, and a smaller group, its Governing Body (composed of selcted members from the Council itself), meets a little more frequently.

The Council's work includes training of personnel in techniques of management, industrial engineering and industrial relations, as well as dissemination of information on productivity generally. It arranges for interfactory visits so that techniques of production and organization can be compared, exchanges between members of different regional councils and in some instances inter-country exchanges.

The number of training programmes and participants therein has grown steadily from 85 programmes and 1540 participants in 1959-60 to 306 programmes and 5314 participants in 1963-64. The largest number of programmes has been in the work study field with 40 by 1964, but other subjects covered include quality control, tool design, marketing and cost and budgeting control, management for higher productivity for medium and small industries, human relations and job evaluation. In 1964 some 16 programmes were conducted specifically for trade unions. 2)

Often these training programmes which may vary from a few days to a number of weeks, are conducted in cooperation with regional or local productivity councils. The latter are financed by local funding, in part, plus a "matching"

---

1) Indian Labour Year Book 1958...op.cit., P.113.

2) Annual Report of the National Productivity Council, 1963-64, op.cit., P. 5.

contribution from the National Productivity Council. The "match" varies from one-half of the local council's budget up to a full "match", varying inversely with the size of the budget of the local council, according to a formula set by the NPC. State governments assist the local productivity councils, in some instances, particularly for financing the employment of industrial engineers. 1)

The NPC training activities include technical assistance which in 1963-64 involved sponsoring the training abroad of Indians under grants from the United States Agency for International Development and the Technical Cooperation Programmes of the Governments of France and the Federal Republic of Germany. Of 79 participants in this year, only 2 were from trade unions. Taking in previous years, some 378 people had been sent abroad for training under NPC's auspices and of these 11 belonged to trade unions. 2)

The NPC has a limited staff of its own specialists assigned to Delhi and the six regional centres. It also makes use of foreign specialists under technical aid programmes. As of April 1963, some 9 American experts in industrial engineering, management and personnel training were working with NPC. Fifteen industrial engineers were trained during 1963-64 by the NPC, and 14 more were under training. NPC staff specialists are on call for all types of technical consultation and assistance.

The NPC has an extensive technical library and answers hundreds of requests, primarily from small and medium firms, as well as from individuals. These inquires relate primarily to "manufacturing processes." 3)

It is always difficult to evaluate the effectiveness of this type of combined effort in a field as broad as productivity improvement. The unions "have not so far come forward

---

1) Ibid., P. 3.
2) Ibid., pp. 11-12.
3) Ibid., P.18.

on a sufficient scale to take" full advantage of the training courses offered by NPC and its local affiliates. Some union concern is also expressed that the programme of training and information is largely limited to upper level impact, with not "enough work on the shop floor." Some fear is expressed that "aspects like better management, prevention of waste, better utilization of materials or plant maintenance, better planning," and the like are falling into the background. Moreover, in coverage, one union asserts that "the NPC and the local productivity councils reach only the relatively large and well established industrial concerns." And these concerns, in turn, "are already aware at least to a certain extent of the problems involved in raising productivity." The sector of medium and small business needs a greater awarness of productivity and more assistance, but these groups appear to be taking less "interest in the activities of the productivity councils. Nor does it appear that the productivity councils are taking any conscious effort to reach this sector." 1)

The same labor criticism also notes that it is difficult to expect a full contribution from trade unions to productivity so long as the general state of industrial relations is unsatisfactory. It adds: "when workers see that the employers are reluctant to even grant recognition to their union and to bargain with them on matters concerning service conditions, it is unrealistic to expect that the workers on the trade unions will feel particularly enthusiastic about productivity in the plant." 2)

Recently the NPC has been working on a formula for "sharing the gains of productivity." Various compromise formulas have been considered, and the Governing Body finally proposed a formula under which consumers, workers and owners would receive gains from rising productivity, depending on

---

1) Hind Mazdoor Sabha, Report of the Tenth Annual Convention, Coimbatore, May 5-6, 1962, General Secretary's Report, pp. 82-83.

2) Ibid., P. 83.

the state of wages, the industry's reserves, etc. The union representatives apparently accepted the formula, but the employers had reservations and although the formula will be published, its status is unclear. 1)

In spite of some union dissatisfaction with the progress of the work of the NPC it is significant that the various unions continue their membership in it, and serve on its boards nationally and locally. By its nature, this type of effort can only have a relatively slow impact.

The union criticisms voiced above, are significant, however, and they are the kind that can generally be expected from the labour "side" of such formal joint productivity efforts. In contemplating such ventures government officials would, apparently, be well advised to give more thought and time to building labour participation more effectively in the programmes.

The need for and the benefits flowing from higher productivity are inevitably more immediate and obvious for "management". Building deeper labour understanding and acceptance of this need may require, as the criticism above suggests, more than mere union participation on national and regional productivity councils. Unless the worker himself feels he has effective institutional channels to serve his direct general needs and problems at the firm or shop level, he is less likely to respond to calls or plans for extra productivity.

The National Productivity Council has, itself, attempted some evaluation of its work to date. It submitted a questionnaire to employers and to individual participants in NPC activities, requesting their reaction to training and other efforts in which they had been involved. By March 1964, sixty-eight percent of the employers responded affirmatively as to benefits received by participants, and 73% of the employers also noted that participants continued to be employed in jobs "where training could be utilised to maximum advantage."

---

1) Trade Union Record (AITUC), March, 1967.

Replies from trainees sent abroad for 6 to 12 month courses "show that they have been responsible for the introduction in their firms, of new techniques, cost reduction projects, better management policies, improved industrial relation, etc." Over 50 of the employers "indicated that the participants (who studied abroad) had been able to effect specific improvements." 1)

At best, isolating the factors or forces which have contributed to increased productivity in given industrial situations are not easy to disengage. But the generally favourable evaluation data found by the NPC as well as the continued support of the institution by most of the important labour, management and relevent public officials seems to argue for at least limited success in what is in any case a new, experimental field.

---

1) Ibid., pp. 10-11.

INDUSTRIAL-VOCATIONAL TRAINING

The supply to trained manpower in sufficient quantity at the right place and time can be a critical factor in the success of any investment plan. Where the drive is for accelerated development it takes an even more critical importance. The lack of trained manpower is likely to be a particularly critical problem in the less developed countries. Here where literacy and industrial work experience are still low, the "stock" of trained manpower for "investors" or planners to draw upon is severely limited. Moreover, as our understanding of the total process of growth increases, and the value of investment in human resources is more widely appreciated, the appreciation and expenditures for training also grow.

In the earlier stages of Western development training of industrial workers was largely confined to the skilled crafts. The unions, in the early industrial years, too, were often concentrated, to a significant degree, among the skilled workers. It is therefore, not surprising that nearly everywhere the unions came to play a major role in training apprentices for skilled craft jobs. They helped determine training requirements, the number of apprentices who could be admitted to a given trade or shop, and like matters. 1)

With the pressure of high employment and manpower shortages, in recent years, as well as the acceleration of technological change which often renders older skills obsolete, industrial training has expanded rapidly in Western countries. It now goes beyond the skilled crafts in all cases. In many instances this expanded training relies

---

1) See the Role of Apprenticeship in Manpower Development: United States and Western Europe, Subcommittee on Employment and Manpower of the Committee on Labour and Public Welfare United States Senate, 88th Congress, 2nd Session, Vol.3 of Selected Readings in Employment and Manpower, esp.pp.1306, 1310-11, 1328-29 and 1342 in the union's role in various countries. Also Gertrude Williams, Apprenticeship in Europe, London, 1963.

heavily upon the accumulated industrial know-how of unions and management.

The forms of training and union participation in it vary from total national training programmes to specific "project" types aimed at responding to specific shortages at a particular time and place.

INDUSTRIAL TRAINING AND BRITISH UNIONS

The evolution of this problem of shortages is well-illustrated in British experience.

Shortage of skilled labour, in Britain, "has been a recognized problem ever since the war." Between 1945 and 1956 despite recognition of the problem, progress towards doing something about it was limited. The Ministry of Labour urged employers' organizations and trade unions to form National Joint Apprenticeship and Training Councils for each industry. The Councils so formed, however, actually concerned themselves primarily with terms of employment and had little "effect on the quality or quantity of training provided in industry...." The schools and universities did expand their facilities for the training of technologists, but the field as a whole was largely uncoordinated. 1)

The rapid advance of technology and the need for larger numbers of trained workers finally produced, in Britain, the Industrial Training Act of 1964. Significantly, by this time concern had broadened from "skilled workers" to all "workpeople" and from "apprenticeship to industrial training" in general. 2)

It is the structure and direction of this new training system that is of special interest for the purposes of this report. Generally, it should be noted that Britain had come to the conclusion: (1) that training could no longer be on a hit and miss basis; (2) that underwriting the costs of future training would have to be borne by employers equally and fairly; (3) that labour, management and government, including

---

1) The United Kingdom Industrial Training Act 1964: An Example of Shared Responsibility, Organization for Economic Cooperation and Development, Paris, 1966, a special report prepared by J. P. de C. Meade, pp. 1-4. (Hereinafter cited as Meade Report, OECD...) This paper presents a useful, short post-war history of industrial training in Britain.

2) Ibid., pp.4-5

relevant ministries and education of officials, should share responsibility in administering the new training programme.

The 1964 Industrial Training Act provides for the establishment of Industrial Training Boards, for individual industries or related groups of industries, composed of a Chairman, (a person of "industrial or commercial experience") and an equal number of people from employers' and employees' (unions, for the most part) associations. On the labour side the Trade Union Congress and its affiliated unions has played the principal role. In addition, a given Industry Board may include a number of representatives of the Ministry of Labour and theMinistry of Education. 1)

An Industry Training Board's main duties are to ensure "that sufficient quantity of training facilities are provided to meet the assessed requirements of the industry" and "to establish standards of training" by publishing materials on course content and length of training programmes for particular occupations. 2)

The programme has a real "bite", in that the Boards are required to impose"a levy on the employers in the industry" to raise "money towards meeting its expenses." In any vote which is taken on the question of a levy, only the labour and management members of the Boards may participate. 3)

The Board is empowered to make grants to companies whose training arrangements meet with its approval. Thus, all employers in an industry are taxed under the plan (usually it is percentage of payroll levy, although one Industry Board has set up a per capita tax), and those companies which fail to establish training programmes suffer a net loss.

---

1) Industrial Training Act 1964, HMSO, London, p. 14.

2) Meade Report OECD...., Op. cit.,

3) Industrial Training Act ..., Op. cit., pp. 4, 14.

As an example, the Engineering Board went about making a survey of the current annual cost of training in the industry which it found to be around 75 million pounds, the equivalent of 2 1/2% of payroll. They proceeded, by vote of the labour and management representation of the Board, to impose that levy. At the same time, the Board "decided that a firm's entitlement to grant will be based on a point system which will take into account the quality and amount of training carried out." Since training varies greatly by firm, some of those companies which are engaged in extensive training operations, may actually get back more than they pay out in levy. 1) Firms will be subject to inspection to see that they are actually carrying out prescribed training programmes.

To carry forward such an extensive training effort it is anticipated that the various Industrial Training Boards will apoint sub-committees, regional and district committees, thereby allowing for even wider labor management participation in this work. Each Board is also to hire its own experts, encourage research in training and assist individuals who are seeking trairing.2)

To help carry out the Act, the Minister of Labour also establishes a top level Central Training Council consisting of a Chairman, 12 members appointed after consultation with employers' and employees' organizations, two representatives from the nationalized industries, not more than six chairmen of industrial training boards, and twelve other members, six of whom are appointed in consultation with the Ministry of Education. This Council has "the duty of advising" the

---

1) Ministry of Labour, Training Department Newsletter No. 1, October, 1965, p.2. The amount of the levy varies considerably, from industry to industry. The Wool Board sets its levy at o.75%, see Central Training Council: Report to the Minister, HMSO, 1965, p. 7.

2) Industrial Training Act, General Guide, Scope and Objections, HMSO, London, 1965, pp. 12-13 and also Industrial Training Act ..... op. cit., pp. 2-3.

Minister of Labour "on the exercise of his functions under the Act and on any other matter relating to industrial or commercial training which he may refer to it." 1)

The C.T.C. has taken on the task of providing general guidance for the Industrial Training Boards. It has sought to indicate where lines of division occur between the ITB programmes, for example, and those of the general educational system. Thus, an ITB has the responsibility for industrial training; but where further education which is linked with a training course is called for, this can be no more than a recommendation by the ITB, since responsibility for that form of education remains with the education authorities.2)

The Industrial Training Act explicitly notes that it is concerned with "persons over compulsory school age"--again thereby leaving undisturbed the general education authorities in the country.

---

1) Industrial Training Act ..., op. cit., pp. 9-10

2) Manpower Report OECD..., op. cit., p. 13

VOCATIONAL TRAINING IN FRANCE

The same careful distinction between vocational training in industry as opposed to the formal education of children is also made in France. The general, adult industrial training and retraining programme is in the hand of a body called ANFIRMO which functions under the Ministry of Labour. French employers and unions are equally represented, along with the Ministry, in setting policy and administering the programme. (ANFIRMO has 30 members in its "General Assembly," 10 delegates chosen by the employers' associations, 10 by the unions and 10 by the Ministry of Labour.). ANFIRMO establishes National Commissions for such "trades" as metals and construction as well as a third for "miscellaneous industries." (Recall that in Britain the training structure is by industry, and special efforts must be made at co-operation in cases where occupations cross industry lines). Employers and unions are also represented in these Commissions, as well as on regional committees for the trades. Regional sub-committees, again with union and employer representation, handle the detailed matters of syllabuses, training, examinations and the like for each trade.1)

---

1) ANFIRMO stands for Inter-Occupational Association for the Rational Training of Manpower (Association Interprofessionelle pour la Formation Rationelle de la Main d'Oeuvre). For a summary of the French organization in the vocational training field, as well as union attitudes toward the programme, see Organisation for Economic Cooperation and Development, Retraining of Manual Workers in French Industry and in Government Vocational Training Centres, Report by the British joint team which visited France, 1964, OECD, National Missions 1964, Report - No.2, Paris. Also see a report on the same subject by an Austrian Trade Union Team, OECD, National Missions 1963, Reprint - No.6.

A large part of the vocational training and retraining in France is carried out in special centres which have been organized by the Ministry of Labour. These training centres, of which there are more than 100, are mainly under the administrative direction of ANFIRMO. The centres vary in size, and at a given moment there can be from 6 to 40 different "sections", (with 10 to 15 trainees in each) for different occupations. The employer and unions representatives play a particularly important role in the "tests" which are administered to trainees at the end of a study programme.1)

French unions stress that only as this vocational training programme remains closely related to the country's "professional" associations, employers' groups and labour unions, can be kept practical and realistic. In this way they feel it can continue to make a maximum contribution to meeting the country's needs for trained manpower.2)

---

1) See Formation Professionelle Des Adultes, Ministre du Travail, (no date) Paris, pp. 40-41.

2) See for example, Force Ouvriere, Journées D'Études sur Les Perspectives D'Avenir de la Formation Professionelles des Adultes, April 29-30, 1965, esp. V Conclusions.

Just as unions and management figure prominently in the work of ANFIRMO, they are also consulted in the conduct of apprenticeship training in France. This programme is financed by a government tax on an employer's wage bill of the preceeding year. It is levied on all firms, industrial and commercial, whether they employ skilled workers or not. But firms can claim exemption, partial or complete, for the costs they incur involving skilled worker training programmes. The purpose of the tax is not fiscal, but to "persuade employers to undertake for themselves, the work of training their apprentices, or to finance apprenticeship schemes."1)

There are some twenty-four national apprenticeship committees, each for a separate skill, covering the whole of industry and commerce. These are tripartite in character, and advise the Ministry of Education on curricula, the allocation of training grants and the organisation of examinations to test the apprentices.2)

While French unions play their major role in vocational training under the Ministry of Labour, a recent decree may extend their influence in the formal education field. The Ministry of Education, in a new decree, now affords the unions the right to name official representatives on the Counseil Superieur de l'Education National, top advisory body for formal French education.3)

---

1) Williams, op.cit., P.86. Unlike the case of Britain described in the previous section, the tax for training is determined and levied entirely by the government in France.

2) Ibid., pp. 80-81.

3) Journal Officiel, December 4, 1965, p. 10863.

U.S. Unions and Project Type Training

Under the Manpower, Development and Training Act currently in operation in the United States labour, management and educational institutions are all encouraged "to help fill the gap between those who need trained workers and those who need training to get work."1)

Several unions have qualified under this act and have taken the initiative to set-up special training programmes. They received federal funds to help carry this work forward. The Operating Engineers in San Francisco, for example, helped train 300 "under-employed operating engineers" for such new jobs as grading equipment operators, heavy duty mechanics, and technician engineers, during two 6-week training periods.2)

During the construction of a major tunnel in Tacoma, Washington the Building and Construction Labourers union and their employers encountered a shortage of miners qualified to operate new hard rock drills. The unions requested funds from the MDTA and working with a local vocational-technical school, union instructors began to instruct trainees in this occupation. Several groups have been graduated and all have been placed.3)

---

1) Trade Unions and the MDTA, U.S. Department of Labour, Manpower Administration, Washington, D.C., April, 1966, P.2.

2) Ibid., P.4.

3) Ibid., pp. 10-11.

Training In The New Countries

The fairly clear line of separation between vocational and formal education in many already well industrialized nations may be less "neat" in the new nations. (This is discussed further under manpower planning.)

At the other extreme, it may take time for some of the new, developing countries to elaborate a comprehensive industrial-vocational training programme such as we have described in Britain. But these countries may well find it advisable to set up training programmes for particular industries or occupations.

Making use of the unions, in training venture like these, can present many advantages to government as well as to labour. It can, for example, help decentralize what might otherwise be an unburdened government ministry. This approach can also help integrate unions into the process of industrial development

Several such individual efforts, sometimes involving technical assistance from sources outside the country, have already been undertaken. A Kenyan union of textile and tailoring workers cooperated with the International Ladies Garment Workers of the AFL-CIO in establishing a training centre for tailoring and cutting in Nairobi. This centre was set up under an advisory board composed of representatives of employers, the union movement, the master tailors' association and a government vocational school.1)

---

1) Arnold Zack, Trade Union Sponsored Skill Training Programmes for Developing Countries, International Peace Corps Secretariat, Washington, D.C., 1963, pp. 59-63. This same report also describes some of the many programmes under which developing country unions cooperate with unions in industrialized nations in sending some of their members to the latter nations for advanced skill training. This matter is not dealt with in our report.

Participation in the course has been open to trade union members or to people recommended by members. Scholarships have been available for those unable to afford the training fees.1)

A somewhat similar programme was established to help train drivers in Nigeria. In this case the assisting force was the AFL-CIO through the African American Labour Centre.2)

The Israeli labour federation, Histadrut has attempted to develop a training programme, involving unions in Kenya, to build construction skills. The labour movements in Algeria and Tunisia have also made vocational training efforts in the construction field.3)

It is still too early to judge the success of these relatively few and new efforts. The enormous shortage of skilled workers in virtually all of the less developed countries, however, argues strongly for using all available institutions and potential programmes to help close this link in the development chain.

---

1) Ibid. pp. 60-61.

2) AFL-CIO news release, Labour News Conference, Programme 32, Series 4, November 30th, 1964, being a transcript of the radio press interview of Miss Maida Springer of the AFL-CIO's international department. The AAIC Reporter, bi-monthly journal of the African American Labour Centre, New York, N.Y., for 1965 and 1966 reports several such new joint training programmes.

3) Arnold Zack, Labour Training in Developing Countries, Frederich G. Praeger, New York, 1964, pp. 18-19.

Chapter IV
UNION COOPERATIVES AND DIRECT INDUSTRIAL EFFORTS

For the workers of Western Europe (and the United States, to some extent) the early cooperative movement, in the late nineteenth century, played a dual role. For many workers and unions the cooperative was looked upon as an alternative way of life, a substitute for the "evils" of the capitalist-industrialist society. This was especially true of producers' cooperatives.

On the more immediate side, the cooperative was regarded by many workers and union leaders as a tool to help avoid some of the evils of arbitrary high prices. This view and use of cooperatives was particularly important so far as the purchase of such immediate necessities as food and clothing were concerned. On this level workers' movements tended to concentrate on consumer cooperatives, for example retail and wholesale stores specializing in the food distribution field.

While these two aspects of cooperation were not incompatible, the consumer cooperative emphasis tended to "win out" among urban workers in the twentieth century. With notable exceptions, like the home construction field in several countries, the greater part of the European workers' cooperative movement's capital and energy is concentrated in the consumer (as opposed to the producer) cooperative field.

In a few instances, Sweden is a leading example, by dint of a combined manufacturing and retailing organization, the cooperative movement has become a formidable, more general "price busing" power. Under these circumstances it plays an important role in checking cartel or monopolistic pricing in such major consumer electrical appliance fields as television.

Cooperation in the Developed and Less Developed Countries.

Cooperation in the less developed countries has a potentially critical, industrial function. Here the general absence of sufficient capital for productive investment to meet the drive for accelerated development makes cooperative action an important, potential source of capital. The concept of mobilizing additional savings, especially among urban workers, is popular in a number of the newly developing nations. Trade unions in a number of countries are prepared to encourage this savings effort on the part of workers.

A recent "Experts' Conference on 'Cooperation and Trade Unions'" convened in New Delhi, India, jointly by the International Cooperative Alliance and the Asian Union College of the International Confederation of Free Trade Unions concluded, among other things, that "the cooperatives and the trade unions should play an important role in promoting savings among industrial workers." To further this aim, it suggested: (a) that the savings cooperatives "be located in the area of the factory/establishment, where the workers are employed". (b) " deposits schemes of various types shall be introduced...," as for example "thrift boxes" to be provided "to members for saving small amounts each day which can be deposited in savings accounts every day...," (c)"...the members could voluntarily agree to allow the employers to make a regular deduction from their pay-sheets...in some countries legislation makes it obligatory for the employers to deduct the amounts due to the cooperative societies from the pay sheets of the members and remit the deducted amounts to the cooperatives..." the Conference recommended such legislation be passed, "in countries where it does not exist"; (d) and, finally, it was "suggested that an important function of the credit society is to educate members to cut down or avoid heavy social expenditures...(and) education should be carried out for inculcating in the members habits of thrift and savings..."1

1) Report of the Experts' Conference on Cooperation and Trade Unions, New Delhi, India, January 11-18, 1965, International Cooperative Alliance and Asian Trade Union College of the International Confederation of Free Trade Unions, p.8. (mimeo.).

This same report cited Malaysia and Japan, in Asia, where such credit societies have developed successfully, "accumulated a large amount of capital through deposits of members and plough back of surplus" from other coop activities.1

The lack of private organizational and managerial resources, as well as the nature of new country development planning, often creates a special opening for cooperatives. They have the opportunity to create organizations and ventures to meet needs in many fields which were met by private enterprise in Western industrial development.

In some instances, direct union sponsorship of economic-industrial projects and activities, as in the housing field, does not always take a "pure" cooperative form; but these resemble coop efforts, and a few examples have also been indluded in this chapter.

Finally, refer once again to housing as one of those human investment areas which contribute significantly to balanced development. To the extent that union coops can take on part of this function, it can lighten the tasks of other institutions, including the government. The need to relieve the terrible urban blight and living conditions which are characteristic of so many cities in the "new societies" is also widely acknowledged.

The very nature of the housing industry has tended to make it an object for union-coop efforts in a number of countries. The industry's usual reliance on a variety of small producers and skilled craftsmen, (the latter often among the first industrial workers to be unionized) has lent itself successfully to much union-coop construction--construction which has relieved the shelter problem of many workers at relatively low cost. Successful union efforts in this coop field occur in both developed and less developed countries, as is shown below.

---

1) Ibid.

Earlier in the report the value of associating workers directly with industrializing efforts was stressed as a potential tool for increasing productivity. (See esp. first part of Chapter III.) Union cooperatives in the industrial and construction field have obvious relevance to this problem.

While there has been a close relationship between the cooperative movement and the trade union movement in almost every country of Western Europe, in the twentieth century these movements have grown to be quite independent of one another, from an institutional viewpoint. Workers, union members and their families continue to constitute the single greatest portion of the membership of the cooperatives; but the coops have a position of "political" neutrality, and cater to all classes and groups, not union members alone.

By and large, then, the Western European coop and union movements function independently, though often in a fraternal bond. There are, of course, exceptions in the case of individual coop enterprises and individual unions. There are also, in one or two countries, organic connections between the labour movement and the coop movement.

Danish Unions and The Co-op Movement

The Danish Union of Urban Cooperative Societies (CUUC) is one example of a coop movement which has significant, formal links with the trade unions. The Federation of Danish Trade Unions has representation in the executive of the Central Union of Urban Cooperative Societies. In addition, the Economic Council of the Labour Movement functions as an advisory body for both coops and unions. It represents both before national social and economic bodies and in national business matters. The urban coop movement, however, recruits its members from any source, and is not confined to union members.1

The trade unions constitute the single most important source of capital for the urban cooperative movement. (There is also a general cooperative movement with a more rural base in Denmark.) This capital is channeled through the Danish Labour Fund and the Cooperative Investment Fund, a general fund by means of which unions can invest in the coop movement's activities. It is argued that this method provides the advantage of pooled risks as well as helping to support projects beyound the financial capacity of any individual union.2

---

1) The Cooperative Movement in Denmark, Andelsudvalget (The Central Cooperative Committee) and Det kooperative Faellesforbund (The Urban Cooperative Union), Copenhagen, 1956, p.25. Also based on conversations with union and coop officials in Denmark.

2) "The Danish Labour Coop Movement," article in the Indian Worker, New Delhi, October 1, 1962.

Individual unions or regional union councils also undertake direct investments in particular coop enterprises. One such example is the Copenhagen Fuel Cooperative which is run by the Copenhagen Trade Union Council.

The different branches of the urban coop movement range from food and bakery stores and factories and breweries, to fuel and building societies as well as canteens in privately owned factories. Generally, however, these varied operations function as separate entities, i.e., separate organizationally from the unions, with their own management. The union movement, as previously noted, of course, is one of the important sources of its capital and union members are, of course, participants in the coop movement as individual coop members and purchasers of coop products.

The construction field in Denmark (and in several of other Western European countries) furnishes an example of direct involvement of unions in cooperative action-producer cooperatives. Unionized workers in different construction trades, bricklayers, carpenters, painters, etc., (union organization in Denmark is predominantly on a craft basis), "form productive societies on the basis of their particular skills; the societies undertake work on building enterprises (especially public and semi-public) in competition with private masters and contractors." The required capital is procured both from the individual workers and from their unions.1

---

1) Ibid., p.20.

The importance of worker cooperative building societies has particularly grown in the housing field. In order to stabilize this market and help meet the needs of families with low and moderate incomes and for families with many children, government provides important financial subsidies (in the form of cheap, long term loans) to groups building for these moderate income families. The workers' coop building societies, united in a Joint Organization of Danish Welfare Housing Societies, most commonly qualify in meeting the social conditions laid down by government in this programme, and they produce a significant share of this construction.1

---

1) Ibid., pp.22-23.

Swedish Unions and Building Cooperatives

Swedish labour experience in coop building is somewhat similar tc that of Denmark. The Svenska Riksbyggen, a cooperative building concern was originally founded by the building unions affiliated with the Swedish Trade Union Federation--20. Other trade unions including the Swedish Trade Union Federation itself, are now also members of the cooperative. Riksbyggen is a major producer of homes in Sweden.1

Government support in the form of long term low interest loans is available in the housing field in Sweden, as in Denmark.

The Riksbyggen was launched by the building unions in 1940 "when there was a typical depression in housing construction... to their their own members employment..." Today it has extended its operations to the manufacture of kitchen equipment, stone and other related products. The building unions have also undertaken special study of the credit problem in Swedish industry, participate in State supported technical research on building problems and on the building standardisation committee.2.

---

1) Byggfinformation, Building Information, Swedish Building Trades Research Department, "Riksbyggen--Trade Union Housing Cooperation, "Stockholm, 1958. This cooperative has produced over 10 per cent of the Swedish output of residential units since 1950. In 1963 it accounted for 18.6% of all completions, as compared to 10.5% in 1955. It has grown steadily in recent years. See Trade Union Activities in the Field of Housing and Building, International Confederation of Free Trade Unions, Brussels, 1966, p. 14. Other cooperatives, municipal, consumer, etc., also operate in the housing field.

2) Byggfinformation, Building Information (see previous Fn.), "The Activity of the Building Trades Unions in Sweden," 1955.

The foregoing cases of Sweden and Denmark illustrate a form of producers' cooperation on the part of unions in the building field. There are numerous examples of unions acting as a kind of consumer cooperative force in taking the initiative to have coop housing units constructed for their members. In the United States, for example, the Amalgamated Clothing Workers Union has pioneered in the coop housing field since 1926. In its first project it arranged for the construction of six buildings of "moderate priced" units for its members. Through its own resources, the union arranged for low cost mortgages, and also assisted its members in financing the downpayment.1

Numerous other unions in the U.S. (and elsewhere) have taken advantage of generous government financial assistance for construction to enter the coop housing field on behalf of their members and other low and moderate income families.

---

1) Harold Campbell, Housing Co-Ops and Local Authorities. A Practical Guide, Cooperative Union Ltd., London, 1962, pp. 19-20.

Unions in Coop Banking and Insurance: Germany

Another interesting example of direct western union volvement in cooperation is provided in the banking field in Germany. Here the trade unions have collaborated with the cooperative movement in helping to establish a series of labour banks. It was felt that combining resources in this field would strengthen the financial power of "labour" in the banking field. It was also thought "by the leaders of the consumers' movement that it would be better and more rational to entrust the savings of the cooperative members to a proper banking institution," rather than leave their funds to the more or less unplanned investment policies of individual coops.1

Similar joint ventures between the unions and the coops also exist in the insurance field in Germany. The Alte Volksfursorge is one of the largest and most important insurance companies in Germany. The consumers' Cooperative Movement and the German Federation of Trade Unions-DGB each owns 50 percent of the share capital of this company. The company has heavy investments in union, cooperative and non-profit housing programmes.2

---

1) Ervin Hasselmann, Consumers' Cooperation in Germany, Verlagsgesellschaft Deutscher Konsumgenossenschaften, Hamburg, 1961, pp. 38-41. A series (actually seven today) of banks, rather than one, have been developed in the interests of decentralising resources and power.

2) Ibid., p. 37. Other small joint insurance companies are also operated by the coop and union movements in Germany.

Additional examples of direct union entrance into the coop field can be found in virtually all Western countries. To repeat, however, the Western cooperative movements are largely independent, structurally, of the union movement, though they may utilize the latter's finances as a source of investment capital, and, of course, often depend heavily upon union members as individual participans and consumers.

Unions and Cooperatives in Newly Developing Nations

For the most part, the cooperative movements based on workers' membership in the less developed countries do not have the same massive, unified-tending character that they have assumed in most of Western Europe. There are, nevertheless, numbers of successful, individual union-cooperatives in a wide variety of economic and social fields. In a few cases, these individual successes are beginning to mountup to a general labour-coop movement. Mention must also be made of the very singular case of Israel where the trade union has been a central industrial development force in the nation, through its coop activities. As previously noted, cooperatives have a unique opportunity to participate in the development of the new nations which frequently lack either the private capital or managerial resources which were so prominent in Western development.

Tunisian Unions and Cooperatives

Dating well back into the 1950's, the General Union of Tunisian Workers-UGTT-has taken a major interest in the support and development of cooperatives. As far back as 1956, the UGTT sponsored a fishing cooperative in Medhia, and shortly afterward another at Sfax. This is but one of a number of fishing and food cooperatives which the UGTT has launched. The fishing ventures are designed to help UGTT members and at the same time help revive the Tunisian fishing industry which had declined since the withdrawal of Italian fishermen who were formerly predominant in this industry.1

The UGTT has also been active in establishing coop ventures in the forestry field at Souk el Arba. Printing coops have been set up by the UGTT in Tunis and Sfax. Small transport cooperatives have been established in Tunis, Sfax and Kebili. Two cement tile coops have been established at Sfax. The UGTT is also moving into the coop housing field.

The foregoing ventures each tends to be modest in character, but taken in the aggregate they represent an important part of Tunis' effort toward industrialisation. They are part, moreover, of the major emphasis which Tunis places on the role of cooperatives in her development, as witness the establishment of an Office of Cooperation within the Ministry of State for the Plan and National Economy.

The UGTT itself has helped to finance the cooperative ventures with which it has been associated. It has also established a "research centre" staffed by a number of experts who advise coop enterprises in management, financing and other matters.

---

1) Free Labour World, Brussels (ICFTU), November, 1963.

More recently, in 1964, the UGTT undertook to found a "Peoples Bank" (it has also been called a Cooperative Bank), to serve its own and other cooperatives. The UGTT contributed a large portion of the capital for this bank, some of it comes from cooperative profits, and some from union owned banks in Austria, West Germany and the United States.1.

---

1) Ibid., Material has also been taken from Labour Law and Practice in Tunisia, U.S. Department of Labour, U.S. Govt. Printing Office, Washington, D.C., Report No. 294, 1965, and the Maghreb Digest, 1964-1965. The latter is a monthly journal of events and scholarly articles of North Africa, published at the Univereity of Southern California, Los Angeles.

Venezuelan Sugar Workers and Cooperatives

Union cooperative efforts sometimes grow entirely out of bargaining relationships. The collective agreement signed in January, 1962, by the Sugar Mill Owners and the Sugar Workers Union-Fetracade-covering around 45,000 workers, is a good example. This three-year agreement negotiated by these parties included a provision that consumer cooperatives would be promoted. The agreement also provided for the hiring of an "expert" for at least one year, to help in the establishment of cooperatives at each of the 14 mills covered. Membership is limited to workers, advisors and in general to all employees of the mills. The programme which was developed under this agreement was in place of any wage increase.1.

The cooperatives were to be built where the majority of the workers dwelt, on a site chosen jointly by the mill, the "expert" and the Cooperative Administration Board. On completion the coop would be turned over to the Board, and its maintenance would be the latter's responsibility.

The initial and primary purpose of the cooperative would be the sale of foodstuffs and basic commodities. The mills and the union, with the help of the expert would jointly fix the capital for each Cooperative. Members must provide the basic capital, with a minimum downpayment of 10 percent. If this proved insufficient, each mill pledged to loan to the workers the necessary capital, on an interest-free basis. Mills are authorised to withhold from each worker a sufficient amount to repay his loan. Loans will be liquidated through four yearly installments - when mills share profits. If a worker leaves a mill, the Cooperative will assume his obligation.2.

---

1) Convenio Que Suscriben Los Centrales Azucareros y La Representacion De los Trabadores de la Industria El Dia 3 De Enero de 1962.

2) Ibid.

Under this same contract the sugar mill owners agreed to help construct homes for an estimated 4000 sugar workers. Included in this programme is an agreement to help workers who already had homes to help amortize them, if necessary. In some cases, financial assistance was to be made available to repair or enlarge existing dwellings, if required..

The housing effort was to be launched with a preparatory survey of housing needs. On this basis workers were to be grouped by monthly wages, and the prices of workers' dwellings would be geared to their wages. The agreement also provided that in the event of a rise in sugar prices, the companies would raise their contributions to workers' housing.1.

The housing provisions, under this contract, to begin with covered only 10 percent of the workers, largely those engaged in industrial rather than field operations in the sugar industry. The union and sugar mill managers agreed to continue to study the possibilities of extending the housing plan to field workers, as well.

This programme is not unique in Venezuela. The Petroleum Workers Union--FEDEPETROL--has agreements with the major oil companies to check off from 1 to 10 percent of workers' pay--this to be transferred to this union's Savings and Credit Society. This is a device to help workers' quickly accumulate reserves necessary for workers' housing projects. It is also hoped that employees who belong to the credit union will turn over their annual bonuses (one month pay for each year of service), rather than spend them haphazardly. The existence of their own Credit Society, backed by union management, it is hoped, will engender a stronger saving habit. Other unions including the tobacco workers have also begun to move into the coop-housing field. Plans for a workers' bank have been approved by the Venezuelan government and union leaders.2.

---

1) Ibid.
2) American Institute for Free Labour Development, Social Projects Department (no date, apparently 1964).

Latin American Unions Advance in Housing Field

To advance workers' housing in Peru, the first workers' savings and loan association in Latin America, known as ASINCOOP, was established by the labour movement in July of 1964. Beginning with its own savings ASINCOOP plans to draw credit from the Housing Bank of Peru as well as the appropriate bodies under the Alliance for Progress.

ASINCOOP (an abbreviation for Trade Union-Cooperative Alliance) was actually preceded by a more local coop-housing effort made by the Textile Federation which organised the Federation of Housing Cooperatives in Peru-FECOVIPE.1

Two leading trade union federations in Colombia have combined their efforts to obtain a joint loan under the Alliance for Progress, to help build 3,500 units in Bogota for worker-members. The Colombian government agreed to bear 40 percent of the cost of the project.2

In this work in the cooperative field a number of Latin American unions have been assisted by the American Institute for Free Labour Development which provides expert assistance and support, within the framework of the Alliance for Progress. The AIFLD, an independent body, was founded at the iniative of the AFL-CIO, a number of whose leaders serve on its governing board along with some United States business leaders as well as public figures from the U.S. and Latin America.

---

1) Banco Obrero Para Cooperativas de Vivenda, Lima-Peru, Instituto Americano Para el Desarrollo del Sindicalismo Libre, Wash., D.C., 1965.

2) AIFLD...Social Projects Department...etc., op.cit.

AIFLD is financed by contributions from the AFL-CIO, some business contributions, foundation grants and funds from the U.S. Agency for International Development.1

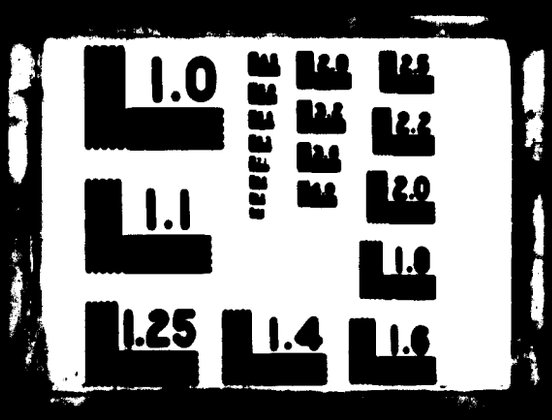
A notable apartment housing project originally undertaken by the Graphic Arts Workers Union in Mexico City has also received financial Assistance, through the intervention of the AIFLD. In this case the support came in the form of investments from several AFL-CIO affiliated unions' welfare and pension funds. The total cost of this project, embracing 3000 residential units is estimated at $10,000,000.2.

---

1) Martha F. Riche, "The American Institute for Free Labour Development," Monthly Labour Review, Sept. 1965, U. S. Dept. of Labour, Washington, D.C. Trade Union federations in a number of other industrialised nations are also directly assisting union sponsored development projects in many countries in Asia, Africa and Latin America.

2) Ibid., and also AIFLD... Social Projects Department..., etc., Op. Cit.

74.10.17



Railway Workers Union Cooperative in Indonesia

One of the most interesting union cooperative efforts in the less developed world has been that of the Indonesian Free Railway Workers Union-PBKA. Begun in 1950 the programme of this union to establish a broad social welfare programme met with considerable success. Early in its life (the PBKA was established in 1948), at its second Congress (1950) this union recognized the limited possibilities of collective bargaining with the government and railroad at that time. It decided to devote part of its resources and energy to "the establishment of a social welfare programme..."1

In creating its Social Welfare Organization-BSP, the PBKA decided to enter both the consumer and producers' coop field. An effective relationship between the union and the government was assured, at that time, by the appointment of an eleven-member General Council for the Social Welfare Organization-BSP, six coming from the union and five officials from the railroad management, including the latter's President. "The majority of one implies the fact that the PBKA is recognised as the initiating party..." BSP has no members as such, but every railway employee (non-union as well as union members-there are competing unions) is eligible to "participate" in the organization.2

---

1) This account is based on a memorandum prepared by the union's General Secretary, at that time, B. K. J. Tambunan, entitled, The Indonesian Free Railway Workers' Union and the Railway Workers' Social Welfare Organization, Dec., 1959, as well as Railway Workers Cooperatives, Indonesia, Case History No. 1, Foreign Aid Projects in Labour Affairs, International Cooperation Administration, U. S. Government, August, 1961.

2) Tambunan, op.cit., p.7.

The BSP established seven departments, including: (1) Death Benefits, (2) Savings and Loans, (3) Housing (rendered largely inactive by inflationary cost pressures), (4) Consumer Cooperation, (5) Manufacturing, (6) Health and Hospitalization, and (7) Foundation (to provide scholarships to help deserving children of railraod workers to pursue university studies)1

The Death Benefit Department was actually taken over from a series of death bensfit funds which had previously existed among railway workers.

The savings and Loans Department's main purpose "is to create the desire for railway workers to save for their future." No minimum amounts of monthly saving are required, but it emphasizes "the importance of the regularity to save." Savings may not be withdrawn for five years, but participants are allowed to borrow money up to 90 percent of one's savings plus 50 percent of one's basic salary.2. Nearly 16,000 workers were saving with the Department, by 1961.

The Consumer Cooperative Department was financed, to begin with, by loans from participants. It concentrated its efforts on the sale of rice at a price below the market. By buying directly from the farmer, the Cooperative hoped to help suppress usurious money lenders and middlemen.

---

1) Railway Workers Cooperatives, Indonesia,...etc, International Cooperation Administration, op.cit., p.7.

2) Tambunan, op.cit., p.7.

Since it was necessary to construct distribution centres for the Rice Coop, the PBKA also used these for badly needed local union offices and membership meeting halls.

The Manufacturing Department concentrated in the production and sale of medium quality shoes and good quality cloth. In both instances, these were successfully established and producing at prices, for the participants, well below the market.

General economic and political instability in recent years in Indonesia created difficulties for the coop efforts of the PBKA; the union has, however, recently begun to renew its activities in this field. Its cooperative activities in the medical care now are more closely linked with the medical activities of the State Railway Corporation. The PBKA also participates in the new rice distribution program, especially in West Java.1) Inflation has created some difficulties in the union cooperative's efforts to produce shoes at reasonable prices for its members.

---

1) Working Report, June, 1963 through May, 1966, By the Central Board of the Railway Workers Union, p. 35 and p. 45

Israel: The Labour-Cooperative Economy

The first immigrants to the nation now known as Israel came from Western Europe. The political and social background of its early agricultural and labour settlers and leaders was, therefore, Western; but these groups encountered essentially new problems and a new setting. The result of this mixture of background and problems was to create an essentially new form of "cooperation."

Ideologically many of the country's earlier settlers were suffused with a mixture of nationalism and socialism. The hard necessities of creating an economic basis for the country led them towards a mutual self-help cooperative form of organization. Unlike the cooperation of Western Europe which generally tended toward the consumer type (with the exception of agriculture where marketing was also of prime importance), the Jewish settlers almost perforce had to concentrate upon producers' cooperation. As one student observes, "...it was necessary to set up the basis for production before it was possible to contemplate consumption. The way cooperation started in Palestine was but a logical and inevitable consequence of the given situation..."1

These rural mutualities or cooperatives helped form the economic foundation of the nation. They provided a basis for absorbing the succeeding waves of immigration into the country. The Israeli labour federation Histadrut was founded by rural workers. Histadrut continues actively in the rural settlement programme today, as it helps new agricultural cooperatives to organize, obtain land and training, market their products, etc.2.

---

1) Walter Preuss, Cooperation in Israel and the World, Rubin Mass, Jerusalem, 1960, p. 74.
2) Irvin Sobel, "Israel," Chapter V in Walter Galenson, editor, Labour in Developing Countries, University of California Press, Berkeley and Los Angeles, 1962.

The general cooperative movement in Israel today is an integral part of Histadrut. Indeed, anyone who joins Histadrut, the trade union federation, is automatically a member of the cooperative movement, Hevrat Ovdim, which is a "branch" of Histadrut. Histadrut's producer activities go beyond the cooperative field, however, as it owns and operates many enterprises directly, under Hevrat Ovdim.

Organizationally, the national Convention (or congress) and the Council of Histadrut are also the highest policy-making bodies of Hevrat Ovdim. On the completion of Histadrut union business, these bodies sit as organs of Hevrat Ovdim; however, the Histadrut executive appoints a 13 member secretariat to serve as the day-to-day administrative body for Hevrat Ovdim.1

In the case of those enterprises which Histadrut owns directly, Hevrat Ovdim acts as a holding company. Under this holding company are Solel Boneh in the construction and public works field, The Workers' Bank and Tnuva, the agricultural marketing cooperative (both discussed below) and others. The companies which Hevrat Ovdim owns do not distribute their profits, other than a small proportion for upkeep. This has made for substantial capital accumulation and heavy reinvestment in development.2

---

1) Noah Malkash, Histadrut in Israel, Its Aims and Activities, Histadrut, Tel Aviv and New York, 1958, p. 63.

2) Sobel, op. cit., pp. 220-221.

The statutes of Hevrat Ovdim simply provide, "The Association has no share capital... H.O. shall distribute no profit among its members..." The General Convention of H.O. decides on the "distribution of the income and profits of the Association for various purposes..." As previously noted, a high proportion of H.O. (and other Histadrut ventures) profits are reinvested in its enterprises. Some limited additional activities are sanctioned by H.O.'s statutes, however, and these include improving the "conditions of life and work of the working class..." For this objective funds can be established to: (a) support schools, libraries, science institutes and the like, (b) publication of books, pamphlets, etc., (c) help workers' sick funds, construct clinics, hospitals; etc.1

It is estimated that around one-third of the Israeli economy is owned and managed by the government, one-third is in private hands and one-third is controlled, in one form or another by the labour movement.2

The latter has pioneered, especially in agriculture and in new industrial sectors. To carry out its economic activities, the labour movement has organized the Workers' Bank and a cooperative Loan and Savings Society. The former has been the recipient of important capital from abroad (especially from the United States), which it has channelled into many enterprises. A third phase of Hevrat Ovdim's financial efforts is in the insurance and provident loan field-its insurance society being the largest in the country.

---

1) Hevrat Ovdim, The Afro-Asian Institute for Labour Studies and Cooperation, Tel Aviv, 1963.
2) Malkash, op. cit., pp. 63-64.

Histadrut leaders assert that through this combination of financial institutions, "The concentration of organised savings makes possible maximum efficiency of investment..."1

The range of Histadrut's economic activities, operating through Hevrat Ovdim, in addition to those industrial areas already mentioned, are wide; it helps new agricultural settlements; it operates large cooperative agricultural marketing and producing services; in connection with the agricultural sector it has also established factories for pasteurizing and bottling milk, making cheese and canning fruits and vegetables. Histadrut employs around one-fourth of all hired employees in Israel. It provides a large share of the basic industries, including transport and construction. It also operates a variety of building supply establishments (paint, cement, steel, glass, paper, lime and stone, etc.), as well as textile, printing, machinery and rubber tire works.2 Generally, it is estimated that the "labour sector" as it is called, "is responsible for over 70 percent of the agriculture of the country, nearly 50 percent of the building and public works, and over 20 percent of industrial production..."3

---

1) A.Zabarsky, "Financing of a Labour Economy," in The Histadrut, Reprint from the Jerusalem Post, Feb. 17, 1956. An American student states, "From an economic standpoint, the most important function of the Histadrut in Israel's economic development has been in its ability to pool savings in small amounts from diverse labour sources, and mobilise these funds for economic development." Sobel, op. cit., p.227.

2) Hillel Dan, "Planned Industrialisation," in Ibid., pp. 57-60.

3) Malkash, op. cit., p. 66.

While the labour movement has generally left the light industry field to private enterprise, it nevertheless frequently enters into joint ventures with private capital on a fifty-fifty basis. This type of venture has been developed most often with foreign capital.1

As an example of the character of the Histadrut's coop efforts, Solel Boneh (freely translated means Paver and Builder) in the construction field started as a road building contractor to the then British Mandatory Government. It has grown into a complex institution, divided into 3 main sections.

a) Building and Public Works in Israel
b) Building abroad and Harbours
c) Industry

As an example of its building activity, the company itself describes its work in one year (1959), as including; 13,000 flats, 365,000 square meters of schools, hospitals and industrial buildings, and 1,000,000 cubic metres of earth and rock excavated, blasted and moved. Employed in that same year directly were 16 ,580, of whom 11,860 were temporaries from the labour exchanges. Sub-contractors another 1300. Solel Boneh's manufacturing building line, cement and stone materials, as well as plumbing fixtures employed nearly 4,000 workers.2

---

1) Ibid.

2) The Institute for Labour Studies and Cooperation, Building and Public Works inIsrael (Solel Boneh), Tel-Aviv, Israel, 1960, pp. 2-3.

Solel Boneh sums up its own contribution to the economy of Israel as follows:

> "We have lowered the cost of building, we have raised the standard and quality of construction and at the same time improved the working conditions of our employees. This is the policy of Histadrut."1

The foregoing illustrates the scope of the labour movement's economic activities. The directly owned Histadrut activities have been described. As regards the cooperative sector, it is known as the Cooperative Centre and it combines producer and service cooperatives. The Cooperative Centre is concentrated in the lighter industries. To insure democratic control and participation in these cooperatives, it is provided that although members may purchase more than one share and enjoy the annual, though limited, bonuses, each member may cast only one vote in each cooperative. The Cooperative Centre provides the operating coops with technical assistance on work organization, costing and productivity.2

Engaged as it is in so many economic enterprises, the Histadrut has been confronted with the necessity of developing its own industrial relations policies, particularly in the enterprises it owns and operates itself. While co-op principles of organization govern all Histadrut enterprises so far as profits, investment, etc. are concerned, the management of its individual establishment is done along traditional organization lines. Managers are given much individual freedom, and they are chosen on the basis of their ability to manage. Histadrut has sought, however, to avoid creation of a serious labour-management "gap" in these enterprises. To accomplish this, in addition to recognising and dealing with trade union representatives in these establishments, the Histadrut has tried to encourage the formation of Joint Plant Councils which consult with management on all phases of plant operation.3.

---

1) Ibid., p. 10.
2) L. Losh, "Producers and Service Coops," in The Histadrut, ... etc., op. cit., pp. 69-70.
3) Malkash, op. cit., pp. 80-82.

This joint council effort actually was a result of earlier, relatively unsuccessful efforts to associate workers with the Histadrut enterprises. The chief officer of Histadrut had also concluded "that certain top managers of Histadrut enterprises had assumed excessive powers, acting independently on the Histadrut executive and pursuing policies of aggrandizement which were opposed to the best interests of Histadrut and the nation...." The Joint Plant Councils "was one of a number of moves designed to strip the managerial elite of their power." Despite this effort of the Histadrut, one American scholar has concluded that the JPC movement has met with little success in its first efforts. Management resistance, lack of workers' technical know-how, and workers' outside interests are cited among the reasons for lack of success; but the Histadrut leaders hope to persist in this movement.1

As the years have worn on, other problems have arisen with regard to Histadrut's far-flung industrial operations. Union economic activities which seemed completely justifiable before the attainment of independence and the creation of the new State now sometimes seem to be in conflict with the latter's jurisdiction.2

But these may merely be the pains of a rapidly growing new society. Histadrut's great contributions in building the economy of its country are recognised by all forces in Israel.

---

1) Milton Derber, "Worker Participation in Israeli Management" Industrial Relations, October, 1963, pp. 57-64. Derber also discusses some of the general problems raised by efforts to effectuate worker participation in management. This general subject of workers' participation in management is covered in chapter III, above.

2) Sobel, op. cit., pp. 245-250.

Chapter V

TRADE UNIONS, SOCIAL SECURITY AND WELFARE PROGRAMMES

It would be widely agreed that the "new nations" just entering the path of industrial development can hardly expect to employ the "simple, primitive machinery" or the "techniques" of the first Western industrial revolutions. Even should they wish to do so, as one student adds, it would be impossible because these methods "have become collectors' items for our museums."1)

Yet there is some tendency to argue that the human side of production in the new societies can be approached in the early nineteenth century manner, when workers were huddled together in "dark satanic mills" with little or no regard to their health or welfare. During those years, "plant and equipment came first and welfare expenditures followed with a long lag." To those who believe that industrialization in the new societies can be approached with the same simple time sequence, Schultz has argued that just as production and technique are treated differently today, so is it necessary to take a new view of the work force and its welfare. The "new port authorities, power installations, railroads, and, above all, the many plants equipped with modern machinery," cannot be manned and run to maximum efficiency with a labour force whose welfare is approached in an early nineteenth century manner.2

With the new insights provided into the role of investment in human capital as an important element in economic progress it becomes easier to understand and treat with welfare and welfare programme in the new societies today.

---

1) Theodore W. Schultz, "Investment in Human Capital in Poor Countries," Chap.I in, Paul D. Zook, editor, Foreign Trade and Human Capital, Southern Methodist University Press, Dallas, 1962, P.3.

2) Schultz, op.cit., P.5. It is not even certain that the ruthless process of capital accumulation and neglect of worker welfare which characterized industrial development in other countries in the past was even then the most efficient method to development. Curiously enough, however, most schools of economic history, "left" or "right" often seem to take this for granted!

For although there are no simple formulas to guide countries on just how much they should allocate for health, education and welfare, as compared to investments in infra structure, or new factories, it is clear that the human resource areas must be included to ensure more effective development.1)

All human investment areas are of importance in development. It is of interest, however, that one admittedly still tentative study of the relationship between the rate of economic growth and investment in education, housing, health and social security found that for less developed countries the latter two investment areas, health and social security seem to make the greatest contribution to improving the "labour quality" factor, and explaining an improving rate of productivity.2)

Conceived as they have been as protectors of the workers generally, trade unions have almost everywhere been in the forefront of the struggle for welfare programmes in the course of industrialization. Usually, this has been a "reactive" type of response on the unions' part, i.e. a reaction to the insecurities visited upon workers in the wake of economic modernization and the growth of urbanisation.

Armed with the understanding that health and social welfare programmes should not be simply a reaction to development, but rather should be planned as part of a wider conception of development, the new societies should be able to profit from a fresh look at "past" trade union experience in the welfare field.

---

1) The role and importance of the investment in human resources in the "theory" of development has been covered in Chapter I, Introduction, above.
2) Walter Galenson and Graham Pyatt, The Quality of Labour and Economic Development in Certain Countries, International Labour Organisation, Geneva, 1964, pp. 14-16.

The unions' "natural" interest in welfare also may make it plausible, in some instances, to assign to them a role in the administration of some of the social welfare proframs. This can serve both as a source of relief to already overburdened governments, and a source of positive strength and membership appeal for the unions. Such an active, administrative role in social welfare activity has often been assumed by unions in different countries, as the following examples demonstrate.

The protection of workers against many of the uncertainties of life in the course of industrial development has called forth a variety of systems as between nations. Trade union participation in this area of activity has varied widely. The purpose of this chapter is to set forth the various ways in which this participation has taken place and the concern here is not primarily with the benefits or the varieties of protection afforded.

During the course of the nineteenth century it was common for Western trade unions to develop their own benefit funds designed to provide relief for their members when the latter were out of work or ill. Death payments to members wives and families were also quite common. These benefits were financed by members' own contributions.

As public interest grew governments began to impose taxes on employers and employees to provide public funds to meet the contigencies of sickness, injury, old age and the like in an industrial setting, on a more regular, insured bais. Most of these earlier union benefit funds in Western Europe (and the United States) have been largely superseded by publicly imposed taxes and social security programmes. Under these public programmes, however, unions often play an important role and may share in some aspects of their management. Such, in general, is the present state, for example, in France, Austria and Germany. And this pattern of evolution has also left its mark on the social-security systems in a number of ex-French colonies in Africa.

In a few countries unions have continued in control of the older benefit funds, especially in the unemployment protection field. These funds which were originally all financed by union members' contributions are now supplemented by state grants, and, to some degree, state management.

Private funds, arising out of collective bargaining agreements, have become a common device in the United States to supplement the public social security system. The unions which negotiated these benefit agreements share in the administration of these funds.

A very different pattern of evolution of the unions and social security systems is found in most of Eastern Europe. For example, in the Soviet Union trade union have the basic, direct responsibility for administering a major part of the social security system.1)

---

1) While we shall detail the role of trade unions in the U.S.S.R. social security system below, the reader's attention is also called to the useful description of the Czechoslovak social security system and the unions' role therein, in International Labour Office, Report on the Seminar on Social Security, ILO/TAP/INT./R.3, Prague, Aug. 1-Sept. 10, 1959, Geneva, 1960, pp. 63-134, and especially pp. 96-98, 119-124, and 126-128 on the union role.

Unions and Social Security in France

As social security systems have evolved in the Western European nations the unions' role took different turns. In the case of France (and several other countries) direct union administered funds have tended to disappear. More and more the fundamental management and financing of the social insurance funds has largely passed to the national government and in particular to the Minister of Labour.

On a national and regional level, however, important consulting organizations have been set up, as, for example: The High Council of the Social Security; The High Commission for Family Allowances and the High Medical Commission of the Social Security. Trade unions are strongly represented on these councils in France, and frequently control the chairmanship of these bodies. The councils have an important role, are consulted on proposed policy and benefit changes, appointments of top managerial personnel in the system and the like.1) Administration of the local funds in the old age and family allowance programmes rests particularly in the hands of bi-partite or tri-partite boards on which employees (especially the unions), are heavily represented. Employees' representatives may make up as many as 3/4 of the membership of these boards.2)

Providing the unions play an active and important role in what may be a basically government structured social security system has obvious advantages. It ensures the sensitivity of these systems to workers' needs.

---

1) Social Security in France, la documentation francaise, Paris, France, P.23 (no date). Also based on personal conversations with union officials in France.

2) Social Security Programmes Throughout The World... etc., op.cit., P.71.

At the same time it furnishes the unionists a critical, positive role in an important social area of economic development.

Union Participation in Social Security Management in Africa

Following the pattern of several of the ex-colonial powers in Africa, particularly France and Belgium, a number of the new African nations provide a large role for trade unions in the operation of their social security systems. The management of the National Social Insurance Fund in Tunisia, which embraces family allowances, sickness and maternity, is in the hands of a director general and an 11 man council of administration. These administrators are chosen by the Secretary of State for Public Health from a list presented by the trade unions and the employers (four each) --- the other three are chosen on the basis of technical competence -- in social security matters.

The Council has broad powers, including the right to create regional offices and see to the prevention of infractions. The Council functions alongside of technical and financial comptrollers, appointed by the Ministry of Public Health, and Social Affairs and the Finance Ministry. These comptrollers have a voice in the Council's deliberations, and where disagreements occur the matters are referred on to the Ministers. 1)

Exceptions similar to this are to be found in a number of other ex-French colonies, as for example Senegal, Algeria, Mali and the Ivory Coast. In some cases the coverage may include old age pensions, but the provision of tri-partite or bi-partite boards is common.

The principal governing body of the National Institute of Social Security in Congo-Leopoldville is tri-partite with four union representatives, four employer association representatives,

---

1) Bureau International du Travail, Rapport au Gouvernement de la Tunisie sur L'Application de la Législation de Sécurité Sociale, OIT/TAP/Tunisie/R.4, Geneva, 1961, pp. 11-12.

and four representatives respectively from the Ministries of Finance, Economics, Health and Labour. This Council, in turn, chooses an Executive Bureau. Under its control are branches for old age pensions, occupational risks and family allocations. The President of the Republic chooses the Director General of the Institute, with the advice of the Council of Administration.1)

The Council of Administration of the National Institute of Social Security in the Congo must: enforce the legislation establishing social security; approve the annual budget of the Institute; create such bureaus and other offices as are necessary; report annually to the Ministry of Labour on the Institute's activities; decide on the investment of the funds, with the approval of the Minister of Labour, and make proposals for additions and changes in social security legislation. 2)

These systems of social security administration including trade union representation are all quite new in Africa. They do show considerable promise to date.

---

1) Institut Nationale de Sécurité Sociale, Rapport sur le Fonctionnement Administratif et Financier, Leopoldville, 1965, pp. 2-8.

2) Ibid., P. 7.

Unions and Social Insurance in Soviet Russia

The trade unions in the Soviet Union have been entrusted with major policy and administrative tasks in the social insurance field in the USSR. This is most notable in the case of benefits and services to active workers. Pensions, on the other hand, are largely administered by the Social Security Ministry though the trade unions play a role in this field as well.

Disability and Maternity Benefits

The Soviet trade unions have full responsibility for administering those benefits which relate to maternity and birth, as well as temporary disability. The latter embraces both work related disability and sickness. Benefit payments which are 100% for work compensated disabilities, vary with the continuous service record of the worker in the case of sickness, and they are determined by union insurance committees. 1)

The entire system of social insurance is financed out of the State's budget in the USSR. This is regarded as a basic policy principle in the country's system. (Payments are made by various enterprises to the State, of course, but no deductions are made from employees.) "The right to material insurance does not depend on contributions or special deductions from earnings or income. The cost is borne by the social consumption funds." 2)

The administration of social insurance being regarded as a trade union function, it is natural to find administrative responsibility for the system resting with the different levels of the trade union hierarchy.

---

1) Anatoli Chtylko, En Plus de Salaire, les Syndicats et les Assurances Sociales, Editions de L'Agence de Presse Novosti, Moscow (No Date), pp. 6-8.

2) Social Security in the USSR, Study prepared by the Ministry of Social Security of the R.S.F.S.R., off print of the Bulletin of the International Social Security Association, Nos. 8-9, 1964, P. 217.

At the top the All-Union Central Council of trade unions has its own Social Insurance Department which broadly controls all trade union social insurance activities. Its work includes preparing the social insurance budget of the USSR, working out cost estimates for years ahead, proposing changes in coverage, planning for expansion and managing of homes for aged workers and other rest institutions. The All-Union Central Council also checks and investigates the operations of the social insurance system at any level. 1)

The regional Councils of Soviet Trade Unions, acting through special regional union committees exercise authority on the insurance work at the local and factory level. They prepare regional social security budgets, investigate problems of excessive payments in excess of budget estimates which may be due to higher sickness rates or administrative laxity. The regional union councils also have under their immediate supervision a special medical control staff which studies causes of illness and sickness, prepares new health and hygienic programs, controls rest homes and sanitoriums and participates in the granting of passes to these establishments, and generally work with local or factory trade union committees in all health and sanitation work. 2)

Administration of social insurance is a major task of the local or factory trade in the USSR. Each factory with at least 300 workers has its own social insurance committee. It is estimated that in the work of these committees plus additional local insurance sub-groups, four million union members participate in social insurance activities. 3)

Local commissions examine the claims of workers for disability benefits, maternity claims and medical assistance. The committees also participate in controlling the operation of

---

1) Gaston V. Rimlinger, "The Trade Union in Soviet Social Insurance: Historical Development and Present Functions," Industrial and Labour Relations Review, April, 1961, pp. 407-408.

2) Rimlinger, loc. cit., 408-409.

3) Chtylko, op. cit., P. 10.

of the rest homes for adults, special camps for children, etc. It approves the issuance of passes to rest homes, layette and nursing grants, burial benefits and retraining grants for victims of tuberculosis.

The insurance committee is chaired by the president of the factory (or work shop) union committee. The committee is selected by a meeting of the entire local or factory union. Special sub-committees are formed to "reduce accidents of work and occupational illnesses, for pensions, for financial questions, for aid to those who are ill at home, etc. These sub-committees are presided over by members of the (union insurance) committee. 1)

Members of the insurance committee have the responsibility to visit workers who become ill and remain at home. One report notes, that in one factory this system operates as follows:

> "The shop social insurance commission is given daily the names of those who have not shown up for work. Through the leader of the trade union group it informs the social insurance delegate. The sick colleagues are paid a visit on the very same day." 2)

The delegates can follow up to see if the patient follows the doctor's orders prescribed for the patient's treatment, help bring in additional specialists, etc. The insurance committee, meanwhile, determines the patient's disability benefits.

In making determinations about temporary disability benefits the Soviet insurance authorities appear to be motivated by the simultaneous desires of providing assistance for the disabled and strengthening labour productivity. In the words of one chairman of a union factory insurance committee:

> "Each ruble, each kopek made available by the state for temporary disability payments...is spent in the interest of strengthening labour discipline and raising labour productivity." 3)

---

1) Ibid., P. 12.
2) Quoted in Rimlinger, loc.cit., P. 413.
3) Quoted in Rimlinger, loc.cit., P. 414.

Union insurance subcommittees work to combat accidents, absenteeism and sickness.

Should a worker need to go to the hospital the union insurance delegate may assist him in overcoming any delaying admission procedures.

Rest Homes and Factory Nurseries and Children's Camps

If a worker desires to go to a rest home he first proceeds to his medical center or clinic to obtain a certificate which indicates his need. He then requests the approval of the local union social insurance committee, whose decision, in turn, must be approved by the general union committee. The unions pay 10% of the cost of the rest home, the worker pays the rest--but this represents only one-third of the real value, the remainder being subsidized. If the worker has financial difficulties the union committee can render him further financial aid, including transportation assistance. 1)

Trade union insurance committee members and delegates also have the responsibility to work closely with public health authorities in their local areas. This includes the community as well as the work shop. At larger work shops there is often a medical infirmary. Union insurance functionaries work closely with these bodies in preventive medicine as well as their general treatment activities. 2)

Trade union social welfare work at the local factory level may extend to establishing nursery schools and summer camps for the children of the plant's workers. 3)

---

1) Ibid., pp. 48-50.
2) Chtylko, op. cit., pp. 20-30.
3) Ibid., P. 36.

Soviet Trade Unions and Pensions

Union pension committees are established in any work place of at least 100 employees. (In smaller plants the work is performed by the general trade union committee.) The tasks of these committees include helping workers prepare the necessary forms and records which must accompany their application for pensions. Where necessary the pension committee will undertake to study the records to determine length of the applicant's employment record, the jobs he (or she) has held, etc. 1)

Basic administration of pensions in the USSR are by the ministries of social security in the federated republics. By the terms of a 1962 decree of the Council of Ministers of the USSR and the Central Council of Trade Unions, trade union participation in the management of pensions was increased. Their share of responsibility in this field, where they work with the ministry of social security, is to be expanded.

---

1) Ibid., P. 56.

2) Social Security in the USSR, op.cit., pp. 221,232.

Israeli Unions and Health Services

The unusual background of trade unionism in Israel has placed that country's labour federation, the Histadrut, in the centre of many development activities. In the social welfare field the Histadrut's own Sick Fund is the largest health organization in the country. It takes in nearly 2/3 of the entire population. All members of Histadrut automatically belong to the sick fund, and it serves them, their families and certain non-members by special arrangements. 1)

The Histadrut Sick Fund provides its members with free, comprehensive medical care, including home and hospital treatment. This includes medical appliances, treatments and drugs. Most of these services are provided within the Sick Fund's own facilities. It has a large network of local, district regional and central clinics. It also operates hospitals, over 100 laboratories, X-ray institutes and nearly 600 pharmacies. As part of this organization the Histadrut, of course, employs its own physicians, nurses and other medical personnel. A dental service is also provided through 60 dental clinics. The fund also operates a series of rest homes, for which additional charges are made. 2)

About one-half of union members' dues is allocated to the support of the Fund. Histadrut dues average close to 4.5% of a worker's wages. Since dues are a percentage of a worker's earnings, the burden for medical care is shared in proportion to ability to pay. Services are equal for all members. Additional payments are required for family coverage. 3)

Over 40% of the revenue of the Sick Fund comes from members' dues. An additional 30% comes from employers' contributions. Under collective agreements negotiated by

---

1) Noah Malkosh, Histadrut, Its aims and achievements, Histadrut, Tel Aviv and New York, 1958, pp. 85-87.

2) Ibid., p. 89.

3) Ibid., P. 87.

Histadrut employers are required to contribute an amount equal to 2.7% of wages to the Fund. Over 300,000 employees are covered by these arrangements, while self-employed members make the same contribution on their own behalf. The Ministry of Health also contributes to the Funds' budget, to the extent of 8% annually. 1)

---

1) Ibid., P. 90.

Union Supplementation of Social Security:

The Case of the United States

Union benefit funds and other welfare activities early in Western industrial history were, in retrospect, a forerunner of the more extensive social security activities which were ultimately undertaken by the State. Union welfare activities have not, however, disappeared entirely with the coming of social security systems. Indeed, in some cases they have flourished with a renewed burst of energy. 1)

Beginning with the period of World War II unions in the United States launched into an extensive programme of covering or supplementing government coverage of many welfare areas by means of their collective bargaining agreements. These vary from union to union, and company to company, but they provide benefits for millions of American workers covered by union-management agreements. These agreements and the benefits under them, follow the American structure of collective bargaining and are negotiated by the different national unions. (Some of these are basically industrial in character, as the unions covering the automobile or steel industries, some are basically craft, as the unions covering plumbers, or bricklayers.) The agreements negotiated by these unions also vary within their own industries, as local unions at different plants and shops enjoy wide discretionary power.

It has become fairly common in the U.S. to supplement the retirement pensions provided under the national social security systems by private funds negotiated through collective

---

1) While our example chosen here is the United States one could cite other countries, such as France where unions have launched into fairly extensive programmes complementing government pensions and unemployment insurance. Often, too, as part of the union function under joint management arrangements (described elsewhere in the report) unions take over a large part of plant welfare and health activities.

agreements. Thus, union and management may agree that the latter will supplement any social security pensions, by additional payments to employees covered by the collective agreement for the particular enterprise or industry. These payments can be made on the basis of a formula which relates benefits to service and earnings. In other agreements union and management may merely agree to set up a special pension fund, with the level of benefits to be determined by the parties as their experience permits. The trend has been for management to bear the entire cost of these payments for supplemental pensions, although there are some agreements which also require employees to contribute to the pension fund. 1)

In the absence of any general, national, governmental sickness and hospital benefit plans, many American unions have also negotiated health and insurance plans in collective bargaining. 2)

These generally provide such benefits as: payments for disability arising out of non-occupational accidents or injuries[3] (usually a fixed percentage of the employees' regular earnings, often 50-60%, for a set period, commonly a maximum of 26 weeks), hospital, surgical and medical benefits; etc. While generalisation is difficult it is fairly common for workers to share with employers the costs of financing these plans, at least when it comes to the extension of medical, hospital and surgical insurance protection to their families. 4)

---

1) Digest of 100 Selected Pension Plans Under Collective Bargaining, Late 1964, U.S. Department of Labour, Bureau of Labour Statistics, Bulletin No. 1435, March 1965, U.S. Government Printing Office, Washington, D.C.

2) Persons over 65 are covered under the social security system for hospital and medical benefits.

3) Work connected injuries or illnesses are covered by legislation.

4) Digest of One Hundred Selected Health Insurance Plans Under Collective Bargaining, Late 1960, U.S. Department of Labor, Bureau of Labor Statistics, Bulletin No. 1330, June, 1962, U.S. Government Printing Office, Washington, D.C.

It is the general rule to find that unions share responsibility with management in administering these collectively bargained pension, unemployment and health plans. Protection is limited, of course, to employees (and their immediate families) actually covered by the agreements be they on an enterprise, company or industry level.

Union Health Centres

Finally, in the health field mention should also be made of the establishment of health centres and clinics by several U.S. unions to provide direct medical care for their members and families. Coverage may range from mere out-patient clinic treatment to full medical care including home-calls, hospitalisation and surgery. These centres may be financed out of members' dues and/or employer payments under collective bargaining agreements.

One pioneering union in this field of direct medical care for members has been the International Ladies Garment Workers' Union. It has helped to open medical centres in a number of important cities in the United States-- cities which are major labour markets for its members.

The ILGWU medical centres generally furnish a type of clinical care for members, including examinations, X-rays and such laboratory tests as may be needed. The services are, in the main, diagnostic and patients are then generally referred to physicians. This medical centre plan is now combined with cash sick benefit plans established under collective bargaining somewhat similar to those described in the previous section.1)

---

1) This description is taken from Raymond Munts, Bargaining for Health: Union Experience with Health Insurance [redacted] Care in the United States, Ph.D. thesis submitted to the U. of Wisconsin 1959, (Bound unpublished copy in U. of Wisconsin library, Madison. Volume based on thesis to be published shortly by U. of Wisconsin Press.), pp. 34-41.

Some of the ILGWU's centres have gone beyond diagnostic services and treatment may be provided, especially for such industrial related illnesses as arthritis and rheumatism. The New York centre also undertakes some rehabilitation work for members with such chronic ills as diabetes or some heart ailments. In St. Louis the health centre helps provide therapy for union members in certain cases.

Where the union lacks sufficient membership concentration in an area to warrant the opening of a medical centre, it has undertaken to send in, periodically, mobile health units. These include a technical team which "performs all of the usual clinic procedures for diagnostic purposes... (as) urin analysis, blood count, Wassermans, eye screening, blood pressure and weight...". A medical report is then prepared on the member tested and any abnormalities uncovered are called to the member's attention. He is then called to the office of the doctor in charge of the programme, the findings are evaluated and then transmitted to the patient's family physician. 1)

A number of other American unions including the United Mine Workers, the Amalgamated Clothing Workers, and some branches of the International Brotherhood of Teamsters have also established union medical care centres for members (and in some cases also for their families). Some of these are based on labour management agreements, others are founded more exclusively on union funds.

Community Health Programming:

The United Automobile Workers.

The United Automobile Workers has been in the forefront of those American unions which have employed collective bargaining as a device to extend social welfare protection to its membership, often in the form of insurance-benefit plans to cover illness, hospitalisation and surgery. In the belief that these insurance-type plans were not comprehensive enough nor of a

---

1) Ibid., pp. 48-49.

high enough quality to meet many health needs, the UAW has more recently taken steps to provide health service care for members and others on a community basis.

It helped to organise the Community Health Association in Detroit for its members and others in the community who wish to subscribe to CHA. Although the UAW loaned $ 5,000,000 to CHA to help get it started, the union neither owns nor operates the medical plan. UAW members are not required to join CHA, but have the choice between it and other plans. On the other hand, UAW members do, presently, constitute the bulk of CHA's clientele, and UAW officials are fairly prominent on CHA's board of directors. (As vacancies on this board occur, however, they are filled by subscriber's votes.)

The CHA offers a system of extensive medical, hospital and surgical care. All of its services are provided through Detroit's Metropolitan Hospital, which has become the "base" of its operations. (There are also a few neighbourhood clinics.) 1)

Its fees are nearly identical with those charged by the major medical and surgical insurance companies in the area. Benefits provided, under CHA, however, go beyond those of the usual insurance plans. For members and dependents these include preventive and diagnostic services, often not covered in private plans in the U.S.A., including periodic examinations. There is a $ 1 registration fee per visit to the hospital centre. Benefits are also provided in the form of free home visits by the doctor, with the exception of the first call in any episode of illness. Full hospital (up to 365 days) and surgical care is also included. 2)

---

1) Carlton Smith, "What's Walter Reuther Trying To Prove", Medical Economics, Dec. 2, 1963.

2) Community Health Association, Schedule of Services Provided [illegible] Benefits, Jan. 1, 1966, Detroit , Michigan.

Dissatisfied with the "incomplete" character of many existing medical plans, rather than "go it alone" and establish its own facilities, the UAW, instead, moved to link itself in with a community effort. In so doing it also hopes to take advantage of many aspects of group medical practice. 1) While the CHA services are limited to the Detroit area, UAW hopes to help in the extension of other comprehensive community health plans in the future.

India: Health Activities of Textile Labour Association

The direct provision of health services for its members is a costly matter. As a consequence few developing country unions have been able to enter this field effectively, as yet.

One notable effort in this field has been made by the Textile Labour Association in Ahmedabad, India, a union founded with the assistance of M. Gandhi. The TLA runs several dispensaries and a 24 bed maternity home. The dispensaries, in a recent year catered to nearly 150,000 cases. The maternity home treats both "indoor" and "outdoor" patients. In one year it dealt with over 9,000 indoor and 88,000 outdoor cases. 2)

The TLA also operates one pathological laboratory, where blood , urine, stools, and sputum are examined for pathological examination. It is reported, "This helps a good deal for proper and appropriate diagnosis". 3)

---

1) Smith, loc.cit., and Frederick D. Mott, speech, Why the Community Health Association of Detroit Was Organized, The Economic Club of Detroit, Feb. 10, 1958.

2) The Indian Labour Year Book 1962, Labour Bureau, Ministry of Labour and Employment, Government of India, Delhi, 1963, p. 143.

3) The Textile Labour Association, Annual Report, 1961-62, Ahmedabad, 1963, p. 18.

CHAPTER VI CONCLUSION

It was noted at the outset of this survey that the very newness and, in some ways, the uniqueness of development efforts in the new societies made it difficult to foresee the role of particular sub-institutions such as unions in the development process. Clearly, however, in the less developed countries trade unions will take on many tasks and have the opportunity to penetrate many fields which have often barely been touched by unions in the older, already industrialised nations.

The trade unions represent one of the few groups, in the new societies, that are firmly committed to the struggle for modernisation even in its early stages. They can, therefore, become key institutions in development.

This report has stressed the industrial role of unions; but every bit as important may be the unions' role in helping transcend narrow, regional, communal or linguistic forces which can, under some circumstances, divide the population and hold back the modernization process. The eminent Indian anthropologist-sociologist N. K. Bose has noted, for example, that the trade unions are one of the few genuinely integrative forces in India's expanding metropolitan areas. [1] The heritage of tribe, region or caste is not totally or simply cast off in the union setting, but it is generally subordinated to the larger, new industrial interest of the work group, functioning as a union. Unions, therefore, help build that larger sense of national consensus which is a vital part of modernisation.

---

1) "Calcutta: A Premature Metropolis," Scientific American, Sept., 1965. Bose observes that the Rotary Club and the labour unions are the only two urban organisations where "language groups so far have come together..." In unions, he writes, "workmen from different cultural backgrounds do unite to promote their collective interests..." Outside of Rotary at top and unions below, he finds "the large number of voluntary organizations in the city, run for purposes of education, mutual aid or recreation, are ethnically more or less exclusive." p. 102.

Turning from this broad socio-political integrative role, however, our survey suggests that there is a variety of industrial areas where unions can make critical, direct contributions to development.* Moreover, under the difficult circumstances confronting the low income nations the need to find support in the development struggle can make the alliance between the "developer" and the unions a useful and desirable one in many activities.

It has been pointed out, however, that this alliance must be a "real" matter. If unions are to make a vital contribution their role must be substantive, and they must enjoy a real share of decision making power. In the absence of real power, they cannot be expected to retain influence among their members, and their participation in development machinery and tasks may become not much more than a ritual.

Fortunately as suggested above, new as it is relatively, there is enough experience to indicate that in many circumstances union representatives can contribute effectively in important industrial tasks. Moreover, the confidence and competence of union participation is likely to grow with time, particularly if this participation is combined with special training programmes to educate members and leaders in their new opportunities and responsibilities.

Union participation in national planning, the management of enterprise or in vocational training is likely to take the form of a joint venture with public officials and management representatives, private and public. For some unions this will call for a new spirit of collaboration; but again there are enough "success" cases to suggest that this type of collaboration can be achieved, given genuine respect for other groups, on the part of all sides, i.e. management and government, as well as unions.

In the areas of health and welfare, including social security, the unions are by their very nature well cast in the role of

---

* We have not bothered, in this chapter, to repeat the conclusions reached in the preceding chapters as they relate to specific areas such as unions in planning, union participation in management, etc.

protagonists for the investment in human resources as part of balanced development. Protection of members' health and welfare are time honoured and traditional areas of union activity. The delegation to the unions of much of the responsibility for carrying on programmes in these areas can be particularly attractive to governments in the new societies. Burdened as they are with the enormous tasks of political and economic modernization, the governments, with proper safeguards, should find unions a natural outlet to whom they can delegate responsibility in this work. This in turn, can also help divert part of the unions' energy from more exclusive concern with conflictive activities.

These widened tasks and activities may call for structural changes in the labour movement. Institutions which have been created in the first instance to perform primarily economic, representational activities at the work site level, may need some substantial adjustment as the unions assume functions or roles in planning, training, or welfare administration. (This particular problem of union structure and the tasks of development has been discussed at greater length in the concluding section of Chapter II above.)

As the unions assume these new responsibilities, it should not be expected, however, that they will lose or abandon their traditional role of protecting and advancing the immediate wage and working conditions interests of their members. This is a function which must be met in any industrial society if worker morale and welfare are to be safeguarded-- a vital need for human as well as economic development. The participation in the wider tasks of development should, however, help union officials and members to place the day to day "defensive" and more immediate union activities in a broader perspective.

As with other groups, then, the trade unions in the less developed nations are likely to find themselves called upon to carry new and heavy responsibilities. Participation in the processes of accelerated economic development is likely to strain older values and structures. It can, however, offer the unions a great and rewarding opportunity.

74.10.17