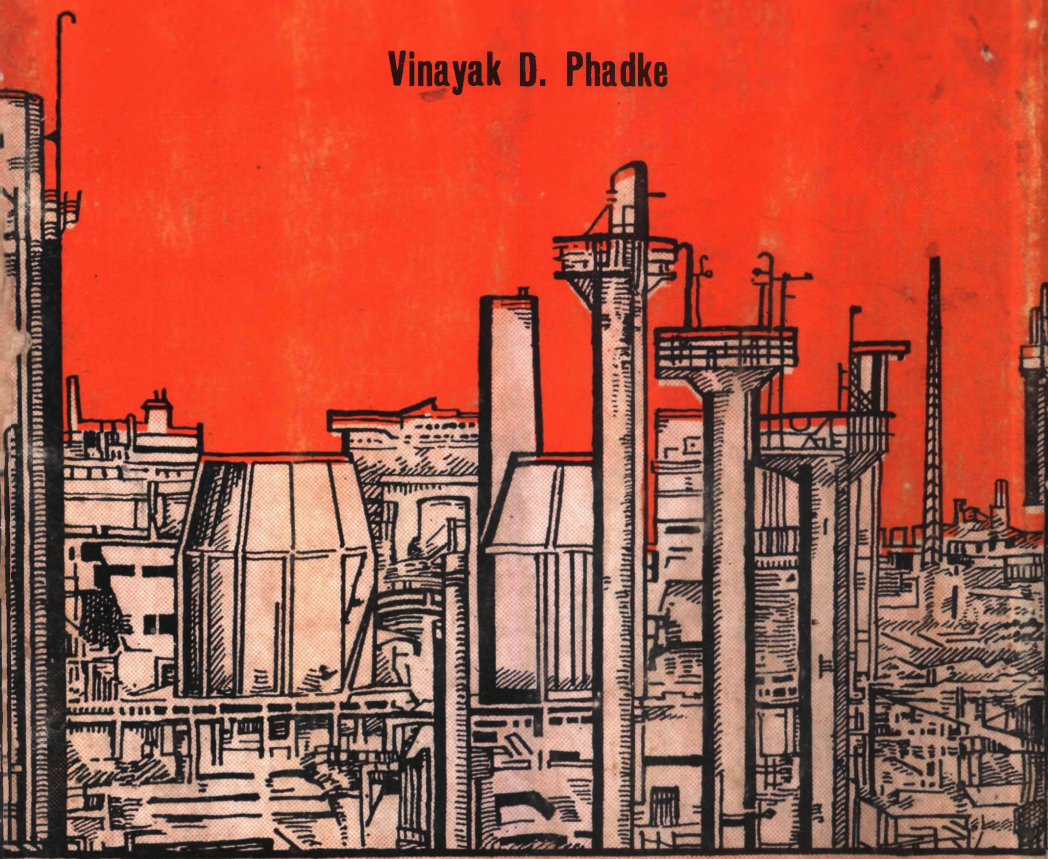
A STUDY OF

INDUSTRIAL RELATIONS

IN ADVANCED COUNTRIES

Vinayak D. Phadke



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VINAYAK D. PHADKE

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TO

MY REVERED MASTERS

P. GOVINDAN NAIR
Senior Advocate, Supreme Court
Ex. Chief Justice Kerala & Tamilnadu

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25 Jnauary, 1981.

FOREWORD

With characteristic modesty the compiler has disowned any originality on his part for the book. But the idea behind the effort and the thoughts expressed in the introduction are not only commendable but noble. Eversince the attaisment of independence, industrial relations has been a growing problem in our country. It has now assumed proportions which compels a solution. The process of adjudication has been tried, and is still being tried though perhaps to a lesser extent. But if a method of conciliation can be evolved that will be more satisfactory than the imposition of a decision which may not be acceptable, at times either to one or the other side. In order, however, to evolve a successful machinery for conciliation both parties have to recognise that they have a great responsibility to the nation and to the people in this country other than their immediate and selfish interests. As pointed out in the introduction this can be achieved only by educating the workers and those who are interested in bettering their causes to be responsible, reasonable and fair. The employers too must realise their responsibilities.

Mr. Phadke must be congratulated in that he remains active after retirement and takes a very keen interest in the burning problems of the day and particularly the necessity for the growth of the nation by more production and in greater prosperity resulting therefrom, which can only be achieved as a result of a harmonious relationship between the employer and the employees arising from true cooperation between them in building a better India.

(P. Govindan Nair)

PREFACE

Shri Vinayak D. Phadke has rendered a timely service to the cause of industrial peace in India by painstakingly collecting and publishing all available information on industrial relations in different advanced countries.

True, India will have to evolve its own model of industrial relations without imitating blindly any of the patterns from abroad. But the rich experience of these countries will be immensely helpful in accomplishing this task.

This effort will be amply rewarded if it succeeds in initiating a public debate on this vital subject in the light of the contents of this work.

(D. B. Thengadi)
Founder General Secretary,
Bharatiya Mazdoor Sangh.

ACKNOWLEDGEMENTS

I owe a deep sense of gratitude to all those who have assisted me in the compilation of the information contained in this work, and also permitted me to use it in the manner I desired. Since they specifically wished to remain anonymous, their names are not being mentioned here. However, without their help, co-operation and guidance, this work would not have seen the light of the day.

I cannot too adequately express my gratefulness to the Bharatiya Labour Research Centre, Poona, for their kindness in having undertaken the publication of this work and encouraging me in many other ways.

My thanks are also due to Mr. Justice Govindan Nair, ex-Chief Justice of Kerala and Tamil Nadu for kindly going through the MS in the midst of his preoccupations and also writting a foreword to this work.

I am also thankful to the management and staff of the Bharat Mudranalaya, Delhi, who joyfully put up with my impatience and invariably greeted me with a smile whenever I had to rush up to them for eleventh hour meddling with the MS!

I am conscious of some of the avoidable mistakes that have crept in, the responsibility for which is entirely mine. I have no doubt that readers will generously overlook these.

(Vinayak D. Phadke)

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INTRODUCTION

Why this Exercise

This is merely a compilation in a compact form of already available material on the subject and no originality is claimed for it.

My retirement from Government service coincided with the period when the three bills relating to Industrial Relations were introduced in the Lok Sabha on 30th August, 1978, and the matter was being hotly debated in the various forums. It just occurred to me then that now that I had the requisite leisure at my disposal, I could utilise it for an indepth study of a subject in which I had taken any but casual interest so far. It was thus that I was drawn to it.

Like everything else in the material world, we are merely followers of all that happens in the more industrially advanced countries. No wonder, then, that the apparatus for industrial relations in our country is also patterned on the models existing there. The selection of the different countries for the purpose of this study has been done not merely because they happen to be in the forefront of industrial development, but also for the reason that the machinery there for resolving disputes is dynamic, responsive and ever eager to adapt to the new situations that it may be called upon to face. My justification for including the USSR in this study is that today it ranks amongst the Industrial Giants of the world, and though it may have adopted different means for attaining its goal, the objective of Industrial Relations viz. 'to secure full production in the national interests and to remove all those obstacles that stand in the way' stands realized in its case.

The industrial scene has to be viewed in the totality of the entire national spectrum and it would be ridiculous to think of it in isolation as something quite distinct from it. The Chinese who chose to follow the Russian pattern did make some strides in the initial stages, but progress thereafter was stunted owing

to domestic bickerings. Chapter XVI on China depicts 'the saga of the perpetual struggle against internal dissensions in that country.' After all, the pre-requisite of any industrial relations system is the prevalence of an atmosphere of apparent peace and security in the social structure.

The subject of industrial relations is said to comprise the study of trade unions, employers' associations, managements and the state institutions concerned with the regulation of employment. Industrial Relations, therefore, include the genesis of industrial conflicts, how they arise, what pressures are used and how they can be contained. In the current context, the importance that this subject has acquired. industrial relations has come to be regarded as a distinct branch of study of the group of social sciences. In India, it is still in the process of evolution and it would be quite some time before it reaches maturity.

The entire super structure of industrial relations rests on the four pillars mentioned above. All of them have to be equally strong and distortions in any one of them may render the whole edifice unsteady. Employers and employees are supposed to be equal partners, even if employees are not considered superior. But what we see today is the reverse. The reason is that the employers harness intelligence on their side. They have the superior advantage which concentration of capital brings with it and they know how to make use of it. Whilst capital in India is fairly organised, labour is still in a not too well organised state in spite of Unions and Federations. Therefore. it lacks the power that true combination gives. Thanks to our tradition, the work of the upliftment of the downtrodden is raised to such a high pedestal that it is taken to be God's Own Work and hence sacred. That is why it is capable of attracting idealistic men and women. In the Indian context, the concept of an industrial society is of recent origin, and as compared with the rest of the commonalty, the underdogs in the industrial sector are fairly organised and are comparatively better equipped to look after themselves. That may perhaps explain why this field has so far remained untrodden by the Idealogue !

Article 39 of Part IV of our Constitution dealing with the Directive Principles of State Policy talks of equality and the means by which it could be achieved. The State as the main initiator of economic development has to provide the requisite channels through which it could be brought about. This in its turn affects the working class and the Trade Unions through re-

gulation of industrial relations, encouragement of certain types of trade unionism, worker-management participation and the general control it exercises to maintain law and order. In the exhilarating task of ensuring our rapid economic development, which has of necessity to receive top priority, it is perhaps inevitable if there is to be an intertwining of politics and economics through the instrumentality of Governmental guidance and control of economic planning, which process naturally calls for the involvement of the Trade Unions in the endeavour so that the pace of our country's onward march towards the proclaimed national goal of socialistic pattern of society is expedited.

The bulk of the working class in India which comes from the rural areas, is illiterate, impoverished and consequently socially backward and is not capable of throwing up leadership from its own ranks. It can therefore hardly be expected to have the requisite experience in dealing with the employers as well as the much complicated legal machinery. This forces them to lean on 'outside leadership'. The upstarts of the labour movement who do not come up from the toiling class are busybodies already engaged in the national or state politics and so trade unionism invariably has a lower priority in their scheme of things. That is why we often hear complaints of some trade union leaders exploiting the workers for political purposes and pursuing sectarian or regional policies suited to their own parochial interests. Perhaps, we could usefully follow the Italian example of Union leaders holding no political posts.

The short term function of any Trade Union is to protect and wherever possible improve the wages and working conditions of its members. But the Trade Union movement as a whole has also a traditional long-term function viz. that of being the principal instrument for bringing about greater equality. The sense of equality that is generated at the factory, the farm or any other work place is far more durable owing to its spontaneity. When such a feeling of equality takes root in human minds, it has the potentiality of arousing courage in, and giving strength to, even the humblest of men so that they acquire the capacity to challenge, for good or evil, even the Establishment! As the incident in China in the industrial city of Wuhan on page 141 of this work would show, 'mine workers had murdered an official who tried to stop them using the mines lorries to carry stones for private house building, and posters seen in the cities accused the authorities using military force against the workers in Nov. 1974'.

Similarly, as the Israeli experiment would show the kibbutz movement there was an attempt to integrate Jews from all over the world to give them work and to inculcate in them distinct notions about the meaning of work and the virtue of living together. In fact, the Histadrut in Israel is unique in many ways; it is at once a Trade Union organization and also an entrepreneur, owner and operator.

The co-determination model in West Germany grew amidst the ruins of a war ravaged economy in a country with a tradition of industrial might. The German Co-determination presently extends only to industrial establishments employing more than 2000 workers. Given the will and the determination, men can accomplish even tasks which once looked near-impossible!

Japan is heavily industrialised despite an almost complete lack of vital raw materials. Dependence upon imports has led Japan to become a "workshop for the world", and to exporting manufactures. The greatest surge toward industrialization has come in the last three decades.

Yugoslavia too had been devastated by war, but its industry was restricted to a few foreign-owned extractive industries. The peasants were very poor and literacy appalingly low. The Yugoslav experience, however, is a unique national experience, affecting every work place and extending to other areas of economic life as well.

The sine qua non of any Industrial Relations system is the creation of conditions conducive to effecting full production in a nation's economy. Industrial strife among employers, employees and labour organizations interferes with full production and is contrary to national interests. Strikes, lockouts and other forms of work interruptions not only pose a threat to social stability but they also affect the national economy adversely. In the resultant chaos and confusion, the whole frame work of Collective Bargaining may come to naught. To meet such an eventuality, the Government would naturally have to think of viable alternatives to Collective Bargaining. But they will always have to bear in mind that any measure they may contemplate to meet such a situation should be in consonance with the democratic structure and should not amount to total state control. Otherwise, it will lay our Government open to the charge of adopting totalitarian methods while paying lip sympathy to democracy!

The U.S. National Labour Relations Act aptly puts the

purpose of the Act thus: "Its purpose is to define and protect the rights of employees and employers, to encourage collective bargaining, and to eliminate certain practices on the part of labour and management that are harmful to the general welfare. Experience has shown that labour disputes can be lessened if the parties involved recognise the legitimate rights of each in their relation with one another".

In the United Kingdom, the law and legal profession have less to do with labour relations since the people there are so mature that much of the system is said to be working on a voluntary basis.

In Norway, the Trade Unions have assumed so much importance in the politico-economic life of that country that the Government consults regularly with union leaders on legislative and administrative questions. Thus the unions there are active in community affairs, serving on school and hospital boards, town councils, housing and welfare agencies and recreational and cultural organisations. Unions own 40 newspapers, either solely or jointly with other labour organizations.

Trade Unions in Sweden are a most respected specie. They seek social, political and economic democracy. They participate at all levels of decision making, national and local, and share in the administration of laws. Free home help is provided through extensively trained aides called 'Samaritans'. In urban areas Samaritans travel in teams of two or three for regular visits to elderly persons in need of their services. One full-time home helper is available for every 250 elderly persons. In rural areas mailmen are used to report to the municipal social welfare board on isolated elderly people. This idea approximates with the Indian institution of Vanaprastha whereby householders, after fulfilling their family commitments, placed their services at the disposal of society entirely. There would thus constantly be available a band of selfless workers who are experienced as well in worldy chores and who could usefully fill the leadership gap that is felt in our labour movement at present.

Whilst almost all the democratic countries in the world permit unionisation of their Police Forces, our policy is not quite clear on this subject. In the Netherlands, they even have a Military Union of Conscripts, which may sound to us as a major oddity!

We often hear talk of multiplicity of unions as a drawback in the Trade Union movement and the constant harping on the

well-known slogan of 'One Industry One Union' by well meaning Trade Unionists. While the multiplicity of Trade Unions cannot altogether be avoided in a democratic society, our endeavour should be to ensure that trade unions work for the genuine common interests of their constituents and not merely for perpetuating organizational power or outmanoeuvring one another. France has a multiplicity of Unions and yet it cannot be said that it has in any way hindered the progress of French workers or prevented them from equal participation in the industrial development of the country. So is the case with Australia.

As the Austrian experiment would show, Trade Unionism there has a responsibility towards the economic system. "In the concentration camps, union leaders, Socialist and Catholic, with time on their hands, reflected on their fratricidal struggles and discovered that what they had in common was much more important and significant than what had separated them. They determined to avoid the errors of the past and work towards the establishment of one unified trade union movement should Austria's independence be restored. The new union federation was to be open to all wage earners irrespective of their political and religious beliefs'. How one would wish such a state of affairs could be brought about in our country !

We are wedded to democracy which means that we have to follow the well-established procedures that have come to be associated with the system. It is true they are time-consuming and come in the way of our society reaching its goal of uninterrupted production for economic development. We, however, have to remember that in a social order as that of ours, the existence of different groups representing diverse interests cannot be ruled out. It is also inescapable that, to some extent, such interest groups will make incompatible and even conflicting demands on the society and its various systems. Likewise, it is unavoidable that employees constitute a pressure group in relation to their superiors in industry in the context of the authority and power structure within industrial organizations. For all these reasons, it is of the utmost importance that we recognise trade unions not merely legally but also socially as representing the interests of the employees as a whole. A responsible and intelligent labour movement is an essential ingredient for any successful democracy.

Obviously, the ad hoc policy followed by the Government hitherto on the question of recognition of unions has proved to

be the main irritant in the matter of resolving industrial conflicts effectively. Such a hesitancy on the part of the Government may have suited some State Governments and quite a few managements (and perhaps some unions too !) who could be tempted to allow their whims and caprice to run riot. But it has hardly led to a stable arrangement for resolving disputes. Membership verification of the different Central labour organizations which is being postponed for one reason or the other can be taken in hand without any further delay to decide the representative character of each Central labour organization. On the specious plea that the choice of a bargaining agent through election would be detrimental to worker unity and may lead to perpetual conflict between the parties, the Government has not been forthright in its commitment to Collective Bargaining.

As one goes through this study, it would be noticed that Collective Bargaining is being encouraged in almost all the democratic countries which has made it possible for negotiations to be conducted in a peaceful manner and has resulted in the evolution of a working relationship between the parties without recourse to law. An appreciation of the structure and working of Collective Bargaining, therefore, is the most important key to the understanding of industrial relations as a whole. Admittedly, the parties' freedom would have to be defined carefully to ensure that freedom and responsibility are combined rationally. We may also explore the possibility of seeing whether mutually acceptable mediation and arbitration with some kind of legal sanction behind it would not be more purposeful than government controlled adjudication as at present. Chapter VIII entitled 'System of Conciliation and Arbitration of Labour Disputes is the heart of New Zealand's Industrial Relations' may be found interesting in this connection.

A Challenge and an Opportunity

The panacea for a developing country eager to emancipate its weaker sections is to augment its material resources. This calls for sincere and hard work on the part of all concerned in the national interest. The task of augmenting national productivity and ensuring higher living standards for the community is so stupendous that governmental efforts alone would not be sufficient to deliver the goods. Appropriately, the authors of the First Five Year Plan wanted the labour to have a 'keen realisation

of the fact that in an underdeveloped economy, it cannot build for itself and the community a better life except on the fair foundation of a higher level of productivity to which it has itself to make a substantial contribution. They had thus visualised a situation in which the worker would be the principal instrument in the fulfilment of the targets of the plan and in the achievement of economic progress. There was also mention of the need to educate and train workers in a manner that the 'worker's fitness to understand and carry out his responsibility grows and he is equipped to take an increasing share in the working of industry', by means of 'collaboration through consultative committees at all levels between employer and employees for the purpose of increasing production, improving quality, reducing costs and eliminating waste. Unless, therefore, each one of us put his shoulder to the wheels, the status quo ante will continue. Here, then, is a challenge and an opportunity for the enlightened amongst us to come forward and participate in the exciting endeavour of making our nation great and strong.

Discerning minds in the Indian Trade Union movement have begun to see the need for the growth of the spirit of a genuine trade unionism amongst their followers. They have realised how essential it is for us to eradicate speedily the illiteracy, the poverty, the ill-health and the general inhumanity which the working class as a whole has been subjected to all these years; they are yearning for finding out ways and means to secure to the workers human dignity by arousing their consciousness and so preparing them to be equal partners in the enchanting enterprise of the industrial development of our country. If against their wish they are sometimes ied to adopt the agitational way, it is merely as a part of the game that they allowed themselves to go through it all. They assuredly know the limit they can stretch this up to and when to cry a halt to it. Their pragmatism serves to act as a kind of restraining influence on their more ebullient followers. After all, as a pressure group, the Trade Unions have to assume an occasional posture of militancy, otherwise they would be completely wiped out of the scene. In a way, therefore, the multiplicity of unions could be a blessing in disguise for us in India, and need not be looked upon as an evil because all the Central Labour Organizations, without exception, have their share of such ripened men who are truly nationalists, have no self-interest and are ever eager to provide the correct sense of direction to their colleagues. These enlightened men realise that

there is bound to be considerable time before the workers reach that stage when they will be in a position to stand up for their rights and so till then, instead of wasting their energy by indulging in unnecessary industrial strife, they would want the workers to do their duty first in the national interest so that production goes on unhampered and there is considerable addition to the 'national cake' to make a larger share of it available for equitable distribution amongst the entire community.

Improvement in the quality of man in all spheres of our national life, therefore, is the need of the hour. The industrial sector is an integral part of the national whole and any changes in human behaviour here are bound to be reflected in the general atmosphere outside its precincts. After all, it is the individual whose betterment and realisation of potential for growth and development that constitutes the motive force for the creation of a good society. We must enable the individual to rid himself of his fetters and to fulfil the potential for development which is latent in his being. We must also learn not to rely only on governmental power and patronage for achieving a good society.

In a way, the trade union leader working in the industrial field is in a unique position. He does not have the constraints a member of a legislature is subjected to. The rules of the game, fortunately for him, are not so rigid and more often than not he is able to carry his point in the different forums he has access to. Democracy comes in handy for him. And the strength of his union acts as a kind of sanction behind his words. This also emphasises the need for balanced men being at the helm of affairs of the Trade Union movement.

The labour movement in India has now reached a stage when it cannot be taken for granted; neither is there any likelihood of either the Government by virtue of its coercive power, nor the managements by the opulence at their command can overawe it. Negotiating procedures and conventions evolved over the years have now become the rule rather than the exception. Therefore, no great harm can be done to the cause of labour if the coming into being of the requisite legal machinery for industrial relations still eludes us. As a student of Trade Unionism it seems to me that if we could use the interregnum for working all the programmes that are now made available to us for spreading workers' education, so that the worker gets so well equipped as to consider himself to be an equal participant, in no way inferior to the others, at the negotiating table, we shall have done a great thing.

Things being what they are at present, it is anybody's guess when we will have a full-fledged legal frame to guide industrial relations in our country. Given goodwill and understanding, however, it should not be difficult to evolve a generally acceptable system, because all concerned seem to feel that in the absence of it, the entire industrial process may suffer a severe setback and all our ambitious plans of nation building may go awry.

As a layman, I have done some loud thinking on the subject and if this endeavour of mine is found to be of some use to those interested in the subject, I shall feel amply rewarded.

New Delhi,
December, 1980.

Vinayak D. Phadke.

I

Fragmented Union Structure

in

AUSTRALIA

Labour Organizations. The Commonwealth Conciliation and Arbitration Act provides for the registration of labour and of management organizations with a Federal Industrial Registrar. The registration is voluntary, but carries with it a number of advantages such as access to conciliation and arbitration machinery ; eligibility for awards on wages and other working conditions ; remedies for discrimination in employment of union members ; preference clauses in hiring for union members ; jurisdictional grants over certain groups of employees ; and immunity from lawsuits for damages and injunctive action.

None of the above is available to nonregistered unions or individual employees. Most of Australia's unions have registered. At the end of 1975, 78 employers' organizations and 147 trade unions were registered, representing approximately 88 percent of organized works.

Registration carries with it a number of obligations, including commitments to democratic rules and regulations within the organizations, secret election (by mail ballot) of all officers, financial reporting to the Industrial Registrar, and respect for the rights of workers to support or not to support a strike or boycott. Workers may refuse membership for religious or ethical reasons, but may be required to pay a fee equal to union dues. Federal courts can invalidate union elections if they have violated union rules and may initiate proceedings for deregistration if a union is found to have coerced its own members, or nonmembers, or employers.

Union structure is fragmented. Craft, industrial, and mixed unions function side by side, with considerable overlap. Industrial tribunals are *supposed to recognize* only one union for each

occupational group but their practice has been to grant jurisdiction to any bona fide union even if another union to which they could belong has already been registered. No orderly procedure exists for selecting an appropriate bargaining unit.

The dominant trade union federation is the Australian Council of Trade Unions (ACTU). Its 132 affiliates have a membership of 1,801,000, most of them hourly wage earners. Membership of affiliates ranges from 19 members of the Railways Canvas Workers Union to 160,000 of the Metalworkers Union.

Control by ACTU over affiliates is limited, responsibility diffused, and unified action at times difficult. Efforts are being made to strengthen the authority of ACTU. Affiliates involved in interstate disputes with management must notify ACTU before striking. Unless ACTU approves, other affiliates are under no obligation to support the striking union.

ACTU is the principal voice of organized labour and deals with trade union matters on an Australiawide basis. Though in principle committed to the socialization of industry, ACTU pursues a pragmatic approach to day-by-day problems. Its main service to affiliates is the preparation and representation of the annual National Wage Claim to the Commission for Conciliation and Arbitration and the filing of *complaints with* the Industrial Courts. Though not itself registered, ACTU will select an appropriate case of an affiliated union and file on its behalf.

The Australian Council of Salaried and Professional Employees (ACSPA) is the second largest union federation with some 19 affiliates and about 300,000 members. ACSPA is essentially a coordinating agency, dealing with common problems of its diversified affiliates. It does research on white collar workers' problems and maintains a strong publicity department, providing support for campaigns carried on by its affiliates. ACSPA will represent its affiliates before the conciliation and arbitration commission. Members include architects, bank and insurance employees, clerks, pilots, teachers, municipal officers, and several organizations of public employees.

The third major union federation is the Council of Australian Government Employee Organizations (CAGEO). It has 30 affiliated ornanizations with a combined membership of about 100,000, mostly professional, administrative, and clerical employees in government.

The three major union federations cooperate. On a variety of issues they present a united front. Merger talks between

ACTU and ACSPA are underway and may possibly include CAGEO.

No formal union structure exists in the plants. Shop stewards collect dues and serve as communication links between members and their union. They may negotiate with management, but only on minor matters since major issues are settled by legislation, arbitration, or collective agreements covering a whole trade or industry.

ACTU is allied with the Australian Labour Party (ALP), providing much of its membership and finances. At party congresses trade union delegates, as a rule, out-number those of the party organization. The party in turn keeps a tight rein on its parliamentary delegation, instructing it how to vote. Yet disagreements between ACTU and ALP or its parliamentary delegation occur and their resolution can be difficult.

A few ACTU affiliates support the anti-Communist Democratic Labour Party and others provide substantial financial and other assistance, directly or indirectly, to the Australian Communist Party. Most unions of white collar workers, professional, scientific, and government employees refrain from public association with political parties.

Employers' Organizations. The growth of management organizations, like that of unions, has been stimulated by the arbitration system. Seventy-eight employers' organizations were registered at the end of 1975, some of them trade or industrywide associations, others covering geographical areas. Individual companies may register if they employ more than 100 persons.

In November 1977, the two largest organizations, the Australian Council of Employers' Federations and the Associated Chambers of Manufacturers merged into the Confederation of Australian Industry (CAI). An estimated 30,000 companies belong to the new federation, giving management a powerful unified voice on industrial relations as well as commercial and trade matters. Several other employer organizations such as the wool growers organization and the metal industry may also join.

A National Employers Policy Committee, composed of the presidents of all employer federations, coordinates management policies. A subcommittee, the "Industrial Committee," represents management before the Conciliation and Arbitration Commission.

Collective Bargaining. The core of the Australian industrial relations system is the conciliation and arbitration of disputes. The compulsion is double edged : registered organizations must submit their disputes to the commission and they must abide by its decisions.

In 1977, 39 per cent of all wage earners had their basic wage rates set by federal tribunals ; another 48 per cent by state tribunals. There also is a substantial "flow on" of awards won by unions from federal to state tribunals and from organized shops to unorganized enterprises. At the time of the passage of the Conciliation and Arbitration Act in 1904, Australia was beset with turmoil, violence, and large strikes. Most ended in defeat for the workers. The Act's purposes :

* To introduce due process into the relations between labour and management ;
* To encourage the organization of representative bodies of employers and employees ;
* To limit individual freedom of contract ;
* To prevent economic exploitation ; and
* To achieve social justice.

The impetus for the act had come primarily from social reformers and the trade unions.

In the arbitration act a distinction is made between disputes arising over the provisions of a new contract or its renewal and disputes arising over the interpretation and enforcement of awards. The former are handled by a Commission ; the latter, by Industrial Courts.

The Conciliation and Arbitration Commission is composed of a president, deputies, and commissioners, all appointed by the Federal Government. It settles disputes, issues awards on wages and other working conditions, and determines union jurisdiction. It may appoint a single member or panels and task forces to handle cases. Awards are binding on the parties to the dispute and constitute legislative acts. Their enforcement is in the hands of an Industrial Inspectorate. To deal further with details of its awards the commission may appoint Boards of Reference.

Procedures before the commission are simple. If negotiations between labour and management break down, either party may so notify the commission and proceedings will start. If a public interest is involved, the commission may itself initiate proceedings.

Conciliation will always be tried first. Awards provide only minimum standards. "Over awards" are permitted, except for public employees. For them, award rates are identical with actual rates of pay. The act provides no guidelines for the commission but requires that it should "have regard for the state of the national economy." The commission establishes its own guidelines in the wage claims case filed each year by the ACTU. It takes into consideration changes in the cost of living, improved productivity, and changes in job content.

Not all awards are in fact decisions imposed by the commission. Employers and unions may negotiate an agreement among themselves and agree to have it issued as an award by the Industrial Registrar, a process known as "grafting on." This extends the negotiated rates and conditions industry-wide and provides all other advantages which go with an award. This will not be done automatically but only if the voluntary agreement conforms to the guidelines of the commission.

Occasionally proceedings before the commission amount in fact to a three-cornered bargaining session with the Government participating as a third party. In a few industries, notably the engineering trades, unions and management prefer to deal directly with one another without resort to the commission.

Labour and management agree there are shortcomings in the arbitration system. It encourages unrealistic claims and counter claims. It tends to shift responsibility for working conditions from the parties to the Government.

Unions criticize the system because the commission refuses to deal with such issues as supplementary fringe benefits, seniority in layoffs and promotions, or grievance procedures. Unions urge more emphasis on conciliation, less on arbitration. They want speedier settlements, consistency in awards, and elimination of penalty provisions. The latter have not been effective since unions usually have enough strength in the plants to dissuade employers from filing charges.

Management wants more severe penalties and stricter enforcement of awards and some lid on "over awards" pay. It also would like the commission to give more weight to productivity improvements.

Most strikes have been settled without resort to industrial tribunals. Economists have noted the counter-cyclical impact of the arbitration system : It keeps unions from making the most of a boom in the economy, but also prevents business from

making the most of a depression.

Industrial courts deal with judicial matters, e.g., interpretation of awards, complaints about discrimination by unions or employers, improper conduct of elections, arbitrary dismissals of workers, and complaints of breaches of awards. They may also render judgment on questions of law referred to them by the commission or the registrar. Industrial courts are composed of a chief judge and nine other judges.

The Government has been given additional powers to deal with award violations and to intervene in the internal affairs of unions. A new agency, the Industrial Relations Bureau (IRB) has been established to ensure enforcement of awards and union democracy. The bureau has a staff of over 100. Employers or unions interfering with interstate or overseas trade and commerce may be "deregistered." The bureau also is empowered to initiate proceedings before the industrial courts, a privilege hitherto reserved to the parties of a dispute.

Unions resent the new legislation. It follows another critical disagreement between the government and labour on the issue of wage indexing. In April 1975, the Conciliation and Arbitration Commission approved the principle of wage indexing, but subsequently failed to adhere to it. Five times between March 1966 and August 1977 the approved wage adjustments were below the reported changes in the cost of living, thus causing a decline in real earnings. In another change of policy, opposed by the unions, the commission decided to consider wage indexing in the future on a semiannual basis rather than quarterly as in the past.

Less controversial has been the establishment of the National Labour Consultative Council (NLCC). This is a tripartite body of government, labour, and management representatives providing a continuous consultative forum for exchange of views on the work force and industrial relations. The council meets quarterly and its deliberations are closed.

Labour Standards

Administration. The Department of Industrial Relations formulates and implements national manpower and industrial relations policies. It administers a number of legislative acts, including the Coalition and Arbitration Act, Trade Union Training Act, Tradesmen Rights Regulation Act, and Labour Market

Training Scheme ; conducts research into all aspects of employer-employeee relations ; gives advice on intervening in National Wage Case Proceedings ; develops and directs vocational counseling ; and follows developments in the international labour field.

Wages. Average weekly earnings for male employees in 1978 were $A254. Highest wages were paid in mining, followed by electricity, gas and water, and production workers of metal products and machinery equipment. Lowest were retail trade, textile workers, and wholesale trade.

Of note is the decline in the spread between wages of male and female employees, from a differential of 16 per cent in 1973 to 7 per cent in 1977.

Equal pay for men and women was ordered by a federal tribunal for the first time in 1969, and again, more strongly, in 1972. The Federal Public Service Act of 1973 included similar provisions to stop any discrimination against women.

Hours. The standard workweek is 40 hours, usually from Monday through Friday. Shorter hours are common in government service, coal mining, banks, schools, and for clerical employees Overtime pay is at the rate of time plus 25 per cent. Actual working time is usually less than 40 hours. It averaged 35.3 hours per week in May 1977 for all employed persons. It ranged from 44.5 hours in agriculture to 37.1 hours in manufacturing and 29 hours in community services.

Paid annual vacations are fixed at 3 weeks in most state laws but 4 weeks have become general since a decision handed down in 1974 by a federal tribunal for the metal industry. A vacation bonus of 17.5 per cent is common.

Long service leaves, i.e., 13 weeks of paid leave, are granted to employees after 15 years of continuous employment with one employer.

Levels of living. Standards of living of most Australians are very high. Most own their homes. There are two motor vehicles registered for every five people, and a telephone for every three persons.

Social Security

Responsibility for social security and social services is divided. The states are responsible for education, health, and housing. The Federal Government administers old age and invalid pensions, unemployment and sickness programmes,

medical and hospital compensation, aid for the handicapped and family allowances.

Social security programmes differ from those of other industrialized countries in two ways : They are as a rule noncontributory ; and, with a few exceptions, eligibility for benefit is tied to a means test.

Old Age Pensions. Australia pioneered in care for the aged, having introduced old age pensions for all as early as 1909. Men are eligible at 65, women at 60, provided they pass the means test, i.e., their combined income and assets cannot exceed a stipulated maximum. No means test is required of the blind or those 70 and over. Old age pensions are adjusted annually for changes in the cost of living. In 1978 pensions for single persons amounted to $A53.20 per week and for married couples, $A88.70. Old age pensioners are entitled to free medical care, hospitalization, drugs, meals on wheels, reduced fees for transportation, and free telephone services.

Some property is disregarded in assessing claims for old age pensions, e.g., a permanent home, furniture, personal effects, one automobile. Some income such as gifts from immediate relatives or income from property is also disregarded.

Subject to the means test, pensioners may receive additional benefits for each child under 16 or for longer periods if the child is a full-time student and substantially dependent on the pensioner. Under certain conditions supplementary assistance may be provided to single persons or married couples who have little or no income apart from their pension and must pay rent or lodging.

Unemployment and Sickness Benefits. Men between 16 and 65 and women between 16 and 60 are eligible for unemployment benefits if they are unable to find work. Amount of benefits is related to past earnings but cannot exceed the amount of pensions.

Persons temporarily unable to work because of sickness or accident may receive sickness benefits. The amount is the same as pensions. The means test applies to both unemployment and sickness benefits, but only as far as income is concerned, i.e., benefits are due irrespective of property or other assets owned by the beneficiary.

Married couples with dependent spouses, or children and dependent students, receive additional allowances.

If sickness lasts more than 6 weeks supplementary benefits

may be granted, for rent or lodging, to people dependent on their sickness benefits.

Widows' pensions are available to women whose husbands have died, women who have been deserted by their husbands for periods of at least 6 months, women who are divorced, or women who have been the common-law wife of a man for at least 3 years before his death.

Invalid Pensions. Rates for invalid pensions are the same as for old age pensions. The provisions for a means test are also the same. Persons over 16 who are permanently incapacitated for work or are permanently blind are eligible. The latter need not pass a means test to qualify. Temporarily incapacitated persons are not eligible but may qualify for sickness benefits.

Health Insurance. In 1975 a new programme, Medi-bank, began providing medical care, hospitalization, and drugs. It started as a contributory system but after 2 years of operation the Government decided to revert to a noncontributory plan. Australians are reimbursed for medical expenditures at a uniform rate without a means test. There are special provisions for reimbursements to pensioners and socially disadvantaged persons. The regulations contain provisions to brake cost escalation and control usage.

Maternity Leave. In March 1979 the Arbitration Commission, in a test case brought by the Australian Council of Trade Unions (ACTU) ruled in favour of a 6 week paid maternity leave following confinement, and an additional, optional, unpaid, up to 46-week maternity leave for women in private industry. The decision is expected to benefit about 1½ million women workers in industry.

Worker's Compensation. All state laws require employers to carry insurance to cover employee injuries or to make other acceptable arrangements. Employees are entitled to compensation irrespective of the degree of their own negligence.

Family Allowances. Payments are made to families for children up to 16 years of age, or up to 25 if they are full-time students at a school, college, or university. Rates are $A15.20 weekly for the first child, $A21.70 for the second, $A26.00 each for the third and fourth, and $A30.35 each for the fifth and later children. A modified means test is used. Family allowances are paid regardless of parents' income or assets but will not be paid if a child's own income exceeds the stipulated maximum

income. Approved charitable, religious, or other institutions, caring for children, may receive family allowances in the same amounts.

Union-negotiated company plans for pensions, hospitalization and other medical services are rare in Australia except in coal and metal mining, iron and steel industry, and vehicle manufacturing.

II

"Trade Unionism has a responsibility towards the economic system."

—Fritze Klenner

AUSTRIA

Labour laws protect or regulate the right to organize and to bargain collectively for hours of work, overtime pay, nightwork, vacations with pay, legal holidays, dismissal notices, severance pay, rights of women and young workers, older workers, and domestic employees. Social insurance covers accidents, unemployment, old age, and health care.

Hourly rates in industry averaged $3.47 (52 schillings) in 1977 ; hours worked, about 35 a week (legal workweek, 40 hours) ; legal holidays, 13 annually ; and vacations with pay, uniformly a minimum of 4 weeks for all employees. Recent legislation has removed a number of differentials in labour legislation between blue and white-collar workers.

Collective bargaining is the responsibility of the 15 affiliates of the trade union federaration. Agreements covering a whole industry are common and are applicable to all employees, whether organized or not.

Union security provisions, such as closed or union shop, are rare. The constitution of the labour federation emphasizes freedom of choice in union membership. If there is pressure for union membership, it comes from other employees rather than from the provisions of a labour-management contract. Collective agreements are simpler than in the United States since so much of working conditions is regulated by law.

Works Councils. A works council law provides for the election of shop stewards (Betriebsraete) for terms of 3 years, during which they may not be fired or discriminated against. Their rights range from mere consultation to joint decisionmaking. They have minority representation on management boards of

companies, monitor management's compliance with collective agreements, and may also negotiate supplements to the collective agreement. Shop stewards have to be notified of any plan the company may have for changes in plant locations or establishment of new departments.

Shop stewards function as the first level in the union hierarchy. They are allowed 2 weeks' paid annual educational leave to attend training institutes designed to prepare them for their many-sided duties. If they wish, they may also take 1 year off without pay, during their 3-year term of office, to participate in more elaborate training programmes.

Labour courts, composed of one judge and two lay persons, one each from labour and management, handle employee claims against employers. The procedure is quick and informal. Disputes between shop stewards and management go to an arbitration court. Special arbitration boards have been established for claims arising out of the administration of social insurance programmes. Government arbitration and mediation machinery services are available but seldom used.

A 1976 law gives shop stewards the right to object to the dismissal of older workers on the ground it may be "socially" unjustified and hurt the older worker more than other employees. The law requires management and shop stewards to take into consideration.

(1) Any long-time employment in the plant, and
(2) The difficulties the older worker may face, because of advanced age, in finding another job.

In either case, the shop steward can block the dismissal and, if the employer insists, take the case to the Arbitration Office. Other labour market measures for older workers include expanded vocational training opportunities and special efforts by placement offices to find work for older workers.

Labour Organizations

Until 1934 trade unions were split along religious and political lines. Socialist unions were outlawed in 1934 ; the Christian unions, in 1938. Both went underground. According to incomplete statistics, 247 trade union officials of all persuasions were sentenced to death by the Hitler courts and executed. Many more were sent to concentration camps ; others went into exile. Few survived.

In the concentration camps, union leaders, Socialist and Catholic, with time on their hands, reflected on their fratricidal struggles and discovered that what they had in common was much more important and significant than what had separated them. They determined to avoid the errors of the past and work towards the establishment of one unified trade union movement should Austria's independence be restored. The new union federation was to be open to all wage earners irrespective of their political and religious beliefs.

Austrian Federation of Trade Unions. The opportunity came with the end of the war in 1945. Since then the Austrian Federation of Trade Unions (OGB) is the only legitimate trade union organization in the country. As of December 1977, it claimed 1,619,103 members, more than 60 per cent of the eligible labour force. Of these, 474,027 were women ; 98,706 were young employees between the ages of 14 and 18.

The OGB is centralized. Power is concentrated in the central federation rather than the affiliates. The OGB makes all major policy decisions and controls all income from dues, including the strike fund. The centralized control is of obvious advantage to the weaker unions which can draw on the full resources of the trade union federation. Dues vary from 1 per cent to 2 per cent of income. The OGB provides members free insurance in case of accidents or death away from the workplace, in case of hospitalization, and for burial expenses.

Although officially neutral, the OGB does not prevent union leaders from being active in politics as individuals. Many members of Parliament are union members. The president of the OGB, a member of the Socialist Party, serves as President of Parliament.

OGB's concerns transcend the traditional role of unions in promoting the economic and social interests of workers. The OGB considers itself a partner with both government and business in assuring the political and economic stability of the country. Its activities and influence extend to every aspect of public life, including foreign affairs, defense, credit and tax policies, foreign trade, city planning, environment, fiscal and monetary policies, and antitrust and antimonopoly legislation.

Fritz Klenner, a former assistant general secretary of the OGB, has summed up this shift from class antagonism to a social and economic partnership as follows :

"... the most important characteristics of present day

responsible trade union leadership . . . is the growing conviction that trade unionism has a responsibility towards the economic system as a whole, that the trade unionist is no longer playing his own hand, and that it is in his interests that the economic system should be prosperous and that production should increase as a basis for still further improvements in the living standards of the people as a whole."

Chambers of Labour. Wage earners in Austria have yet another unusual institution to turn to for the protection of their interests, the Chambers of Labour. There are nine, one in each province, and they serve as spokesmen for workers, especially in their role as consumers. They are bodies which the government must consult on any legislation under consideration in Parliament which may affect employees.

The Chambers collect information and statistics in the field of labour ; they sponsor educational, vocational, and cultural programmes ; and, most importantly, they employ a staff of 150 academicians to assist trade unions in collective bargaining and in forming major economic and social policies. Finally, the labour chambers give workers free legal advice on grievances, tax matters, inheritance, and housing problems.

All employees must belong to the Chambers of Labour. Their operations are financed by a tax of .05 per cent on wages and salaries deducted from paychecks, as are the contributions for social insurance. The governing boards of the Chambers of Labour are elected by all workers. Most members of the governing boards are leading union officials.

Employer Organizations

Association of Austrian Industrialists. This is a private, voluntary organization of business, counting in its membership most industrial enterprises. It is an influential organization and a powerful voice for management to government and to the public. It has a small staff, competent in economics, trade policies, tax matters, patents, grade labeling, etc.

Unlike the trade union federation, however, the Association of Austrian industrialists does not engage in collective bargaining. That role is left to the Chambers of Commerce.

Chambers of Commerce. The chambers advise government on all economic or social legislation impacting on the interests of business. They advise management on the opera-

tion of its enterprises and provide many services, including the negotiation and signing of collective agreements.

Membership in the Chambers of Commerce is compulsory for all enterprises except agriculture. The latter has its own agricultural chambers. Each of the nine provinces has its own Chamber of Commerce. In addition, a separate Federal Chamber of Commerce deals with matters cutting across provincial lines. Activities of the Chambers of Commerce are financed by a tax determined by the amount of corporation taxes paid by employers. The nationalized industries must belong to their respective Chambers of Commerce.

The Chambers of Commerce have established six major economic groups—industry, crafts, commerce, transportation, tourism, and finance-credit and insurance—which in turn divide into more than 100 trade associations. Membership is estimated at more than 300,000 enterprises for all nine Chambers of Commerce.

The Chambers of Commerce are governed by boards elected by members on the basis of lists compiled by the political parties. The Chambers of Commerce and the Association of Austrian Industrialists coordinate their work. Many officials of the latter double as representatives of the former in discussions and negotiations with government or trade unions.

Labour-Management Climate

Since the end of World War II, labour and management have developed a formidable social and economic partnership. Its most visible expression is the joint adoption of an incomes policy which has defied conventional wisdom and has lasted for more than 20 years. Though the government is a partner in this trilateral relationship, it keeps in the background, ready to intervene if difficulties should arise.

Like the unified trade union structure which emerged after World War II, the partnership between the two major interest groups owes its impetus to the fact that many of Austria's business and union leaders shared the same fate of persecution and internment in Nazi concentration camps. There they decided that their divergent economic interests would not stand in the way of a peaceful and democratic solution to mutual problems.

The partnership started in 1947 when, after serious price increases, the Federal Economic Chamber and the trade union

federation agreed on a policy of wage-and-price restraint. Four more such understandings were reached between 1948 and 1951, followed by a return to free bargaining until 1957. In that year, alarmed by another wave of price increases, the trade union federation informed government and business of its willingness to moderate its wage demands on two conditions :

(1) That industry would agree to curtail price increases, and

(2) That government would reduce tariffs and begin a vigorous campaign to control monopolies.

Joint Commission on Wages and Prices. Both government and business agreed to these conditions and on March 27, 1957, the Joint Commission on Wages and Prices was established. It was given power for 1 year—to pass on all requests for wage and price increases. As of September 1978, the "temporary" Joint Commission is still functioning. Opinion polls attest to its acceptance by the overwhelming majority of the Austrian people. It has survived under three different types of governments : first, a coalition of the two major parties, then a majority government of the People's Party, and now a majority government of the Austrian Socialist Party.

Informality and flexibility are the principal reasons for the long life of the system. Wage requests are first screened by the Trade Union Federation itself for their potential impact on prices, productivity, exports, employment, and balance of payments. If approved, the requests go to a Subcommittee on Wages, composed of an equal number of union and management representatives and from there, for final action, to the Joint Commission, also composed of an equal number from both sides.

The process is similar for price changes. They are first screened by the Federal Chamber of Commerce and then go to a Subcommittee on Prices and finally to the Joint Commission.

Price increases are allowed only if justified by higher costs which cannot be made up by better technology, better organization, increased sales, or improved productivity. Favourable market conditions, such as strong internal or external demand, are not accepted as valid reasons for price increases. A few commodities are exempted from the jurisdiction of the Joint Commission : imported goods, fashion articles, restaurant food, and some goods still under government control including basic foods, energy, and public services.

All decisions of the Subcommittees and the Joint Com-

mission must be unanimous. This requirement forces the parties to find acceptable compromises. The government is represented on all committees but has chosen not to exercise its right to vote on issues.

Occasionally, there's a trade off between wage restraint and tax relief. Several times during the past 20 years unions have negotiated with the government a reduction in the steep progression of income tax rates as a condition of moderating wage demands. In 1976, the unions offered to forego tax relief if the government used the funds saved to expand some badly needed social services, such as housing, hospitals, kindergartens, and urban transportation. The government accepted.

Social and Economic Advisory Board. Since 1963, the Joint Commission has added a Social and Economic Advisory Board, composed of representatives of labour and business, and experts from the government and the Austrian Institute for Economic Research. Other outside experts are brought in as needed from the academic community.

The Board's activities carry the social and economic partnership beyond wages and prices into every conceivable issue of labour-management relations. The Board recommends fiscal and monetary policies, investment, taxation, and labour market measures. Some 300 technicians participate in its work. Its recommendations go to the Presidents' Conferences for their evaluation and decision on whether they should be passed on for consideration to the Joint Commission on Wages and Prices. The Joint Commission's success may be seen from the following :

* The Consumers Price Index rose at an average of 3.6 per cent from 1960 to 1970, 7.8 per cent between 1971 and 1976, and was down to a rate of 4 per cent by the end of 1977.
* Real economic growth between 1957 and 1976 has been at a rate of 4.6 per cent annually. For 1977 it was 5.5 per cent, which was better than in most other Western European countries.
* Unemployment was between 2 and 3 per cent in the 1960's and hovered around 1 or 2 per cent in the 1970's.
* Strikes, lockouts, or other industrial strife have been almost completely absent during the last 20 years. All issues are now discussed around the bargaining table. Negotiations continue until agreement is reached. Manage-

ment has been able to operate in a climate permitting long-term economic planning. It has been able to maintain and keep fixed delivery dates, so important for a country depending heavily on exports. For the trade unions, the lack of strikes needing financial support has permitted the federation to use its funds to build schools and vacation homes for its members and their families.

Problems that defy solution by the Joint Commission are referred to the Conference of the Presidents of the four participating organizations. It is there that much of the give and take occurs and the final compromises are reached. Austria's incomes policy has not prevented wages or prices from rising. Rather, its impact has been to moderate or delay changes or to spread them over longer periods. Its objective is no longer limited to moderating inflation. It becomes an important vehicle to influence the business cycle. This it does in two ways:

(1) Through conservative approval of increases during boom periods, but more liberal approval when the economy begins to slacken, and

(2) Through a wage policy adopted by the union federation favouring lower income groups as against the highly paid workers. Thus, wide swings in the economy are avoided, investment encouraged, and purchasing power maintained.

The Austrian incomes policy is voluntary. Management and labour are free to quit the partnership at any time. The Joint Commission has no legal status, no guidelines, and no power of sanction. There has been no legal limit on the right to strike or to bargain collectively; nor has the Joint Commission been a haven for bureaucrats. Yet, it has been able to make its decisions stick, due in part to the power which the central organizations of labour and business have over their constituents and affiliates, and in part to the determination of the government to support decisions reached by the Joint Commission. The government has b oad powers in the economic field and is also the largest purchaser of goods in the country.

In sum, Austria's social and economic partnership rests on a tripartite understanding whereby the government allows the two large interest groups considerable freedom to carry out their commitments to wage and price restraint.

III

Trade Unions tending towards greater independence in CANADA

Labour Organizations. Trade union membership in January 1978 was 3,278,000, an increase of 4.1 per cent over 1977; more than 50 per cent over 1970. Union members represent 31.3 per cent of the total labour force, and 39 per cent of nonagricultural employees. As in other industrialized countries union membership is high in the largest industries, but low in agriculture, finance, and trade.

Trade union membership increased by one million between 1967-77; two-thirds of this in the public sector. The membership increase was matched by the growth in number of employees covered by collective bargaining. By 1977, 1.5 million were covered in the public sector; 434,000 in manufacturing.

The labour movements of Canada and the United States have been closely allied for more than 100 years. In recent decades the Canadian unions have more than kept pace with the growth of the Canadian economy and have tended toward greater independence which has favoured the growth of national Canadian unions. The Canadian Labour Congress (CLC) in 1978 included national unions with 2,204,000 members, or 67 per cent of all trade unionists. International unions, having 1,564,000 members, or 47.7 per cent of total membership, were based in the United States.

International Unions. During the first half of the 19th Century local Canadian unions received assistance and gained strength by joining British unions. Beginning about 1860, Canadain workers looked to United States unions for support,

and many unions with members in both countries became "international unions." The influx into Canada of skilled U. S. workers with trade union backgrounds, as well as the seasonal employment of Canadian building trades workers in the United States contributed to the growth of U. S. based unions in Canada.

Affiliation arrangements between the Canadian and international unions vary from union to union. More often than not, the Canadian branch of the international union functions independently from the central headquarters in collective bargaining, legislation, political, international, and economic affairs. Some administrative affairs of most of these unions, such as dues, salaries of international officers, strike funds, some pension funds, and some technical services and publications are handled at the U. S. headquarters.

The two principal central union organizations, the CLC and the Quebec-based Confederation of National Trade Unions (CNTU) coordinate the activities of their affiliates and act for them in relations with government and with international labour organizations. Their funds are obtained through a per capita tax on affiliates.

The CNTU affiliates are national or local unions mainly in the province of Quebec, and constitute about one-third of total trade union membership in Quebec.

Some international unions entered Canada to overcome low-wage competition in industries such as mining and papermaking; others became active in Canada to protect their flanks, as U.S. companies built plants and began operations north of the border. Benefits of international unions to Canadian workers include the early maturing of a Canadian labour movement, the raising of bargaining targets in Canada for wages and fringe benefits, and the experience and expertise available through the U.S link.

While formal power tends to rest with national or international union officers, union constitutions often leave responsibility for many functions undefined. Locals exercise important powers, including control of most union funds In negotiations, administration of agreements, and other dealings with employers, Canadian affiliates of international unions enjoy almost complete autonomy. Most international unions have Canadians serving as executive board members or vice-presidents.

In 1978 international unions held 42.4 per cent, national

unions 55.8 per cent, and local unions 1.8 per cent of the total union membership in Canada.

The CLC is an active member of the International Confederation of Free Trade Unions (ICFTU), and of its regional western hemisphere organization, the Inter-American Regional Organization of Workers (ORIT). Joe Morris, formerly President of the CLC, was elected Chairman of the Governing Body of the International Labour Organization (ILO) in 1977, the first labour leader elected to that post.

The CNTU is a member of the World Confederation of Labour (WCL). Some national and international unions in Canada are also members of international trade secretariats. There are no known affiliates of the World Federation of Trade Unions (WFTU).

Employer Organizations. Under Canadian law employers are as free as workers to form associations for collective bargaining. The major employer groups are the Canadian Manufacturers' Association and the Canadian Chamber of Commerce. These serve as lobbies for employers on industrial relations issues, but do not take part in collective bargaining.

Among the more active groups in industrial relations are the Centre des Dirigeants (Managers' Group) which guides its members on all facets of industrial relations, and the Railway Association of Canada, which coordinates its members' collective bargaining activities. In some industries, such as printing, clothing, construction, and trucking, employer associations act formally for their members in industrial relations. In these industries, an association may limit itself to bargaining, or it may negotiate and sign an agreement for its members, or in some cases even administer an agreement.

Industrial Relations Laws. Canada's constitutional division of powers limits federal authority to a narrow though vital range of industrial relations regulations. The Canada Labour Code, amended in 1978, affects about 550,000 workers in the federally regulated industries, including railways, airlines, banking, trucking, grain handling, communications, and port operations.

Provincial laws govern industrial relations in other industries, including manufacturing, construction and trade. Despite the distribution of authority a consistent system of labour laws has evolved over the past 100 years. Legal recognition of the right of workers to organize in trade unions began in the 1870s.

Early in this century conciliation services were set up that made work stoppages unlawful until conciliation procedures had been used. Provincial legislation in the 1940s, based on developments in the United States, encouraged collective bargaining.

Most Canadian jurisdictions have established agencies—called Wage Boards, Labour Boards, or Labour Relations Boards—to deal with labour relations matters. To establish bargaining relations a union applies to the appropriate federal or provincial board for certification as the bargaining agent for a particular group of employees. If the board is satisfied that the unit of workers is appropriate, and if the union produces evidence that it has been authorized by a majority of workers in that unit to represent them, certification is normally granted.

In some circumstances, the board can order an election by secret ballot to determine whether a union represents the majority of workers in a unit. What constitutes a collective bargaining unit is left to the discretion of labour relations boards but managerial and confidential employees are often excluded by law.

Collective Bargaining. When a union has been certified as bargaining agent and serves notice on an employer, the latter is required to bargain with that union. If the bargaining process is successful, the terms and conditions of agreement are set forth in a collective agreement signed by both parties. An agreement usually becomes effective on a stated date, remains in force for at least 1 year, and makes strikes and lockouts unlawful while it is in force.

Most Canadian industrial relations laws stipulate that collective agreements contain a procedure for settling grievances that arise during the life of an agreement, culminating in binding arbitration if necessary.

If collective bargaining does not bring about an agreement, the parties are required—except in Saskatchewan and Manitoba—to submit their differences to conciliation. If conciliation efforts fail, a certain number of days must elapse before a strike or lockout may legally take place.

Most collective bargaining in Canada takes place between one employer and one union for workers in a single plant. However, in some industries, for example construction, clothing manufacturing, logging and lumbering, bargaining can cover employees in many firms within a locality or region. In a few large transportation and communications firms, companywide bargain-

ing units result in separate collective agreements for different groups of employees, such as operating employees and shop employees in railways. However, national, industrywide bargaining has not developed in Canada.

Generally, collective agreements in Canada cover more issues than those of many countries outside North America. Many subjects are dealt with by law in other countries. Important subjects covered in most Canadian agreements are wages, hours of work and overtime, holidays and paid vacations, health and welfare benefits, seniority rights, union security, and grievance procedures.

Collective bargaining has been called the prevailing pattern of industrial relations in Canada. But a study by Paul Malles, for the Economic Council of Canada in 1976, points out that "the number of wage and salary earners who are outside this relationship may well surpass those covered by it." For these groups labour standards legislation plays an indispensable role.

Union security in collective agreements is most frequently provided through union shop provisions in such industries as lumbering, wood, paper and allied industries, and in the auto industry. Closed shop provisions are rare except in the construction industry and in the clothing industry. Maintenance of membership provisions are found in the electrical industry.

The checkoff of union dues has become a generally accepted provision in Canadian collective agreements. The practice derives from an arbitration decision by Supreme Court Justice Rand in an impasse between the United Auto Workers Union and the Ford Motor Company in 1946. This "Rand Formula" provides union security through the compulsory payment of dues by all employees in a bargaining unit, but leaves union membership voluntary.

Management rights provisions are common in Canadian collective agreements, occurring most frequently in the wood and paper industries, utilities, retail trade and public administration. Such clauses usually include the right to schedule production, determine manufacturing processes, maintain order and efficiency, and to hire.

More working days are lost per 1,000 workers from strikes and lockouts than in any other industrialized country except Italy. From 1967 to 1975 the average annual loss per 1,000 workers was 914 in Canada, compared to 604 in the United States.

The role of government in industrial relations has been increasing. The historic emphasis of labour boards on representation matters, and disputes settlement, has been shifting to the collective bargaining process itself. This trend is illustrated in some jurisdictions by labour boards' ad hoc interventions, cease and desist orders, and involvement in arbitration of grievances.

Coverage of workers by collective bargaining is greater than trade union membership statistics indicate. In 1976 collective agreements covered 58 per cent of all employees, 94 per cent of public service employees, 74 per cent of those in transportation, communications and utilities, and 63 per cent in manufacturing.

By 1976 half of all workers covered by major agreements had the benefit of cost-of-living adjustment (COLA) clauses, while in 1973 only 20 per cent had been so covered. Other recent changes in the substance of agreements include the growth in benefit plan provisions, a sharp increase in paid time-off, job security, and supplementary unemployment benefit plans.

Labour Standards

Legislation. The development of Canadian labour standards legislation parallels that of collective bargaining. Legal labour standards extend to the unorganized worker the minimum working conditions obtained by organized labour. They also provide a "floor" from which further gains are obtained in the bargaining process. No agreement may contain provisions less favourable to workers than those established by law.

The most important legal labour standards generally in effect in 1978 were :

- ☐ Minimum employment age : 16 to 18.
- ☐ Minimum wages per hour : Can$2.50 to $3.25 for adults, and $2.15 to $2.95 for workers to age 18.
- ☐ Standard hours of work : 8 per day, 40 to 45 per week.
- ☐ Overtime : 1½ times the minimum or regular rate after 8 hours a day and 40 to 44 hours a week.
- ☐ Weekly rest day : 24 consecutive hours, Sunday if possible.
- ☐ Annual vacation with pay : 2 to 3 weeks.
- ☐ Vacation pay : 4 per cent of annual earnings.
- ☐ Legal holidays : average 9 (range 6 to 15).
- ☐ Pay for holiday work : 1½ times regular pay in addition to

regular pay (double time and a half). In some jurisdictions another day may be substituted for the legal holiday.

- ☐ Notice of individual dismissal or lay-off : 1 week to 1 month, depending in some provinces on length of employment.
- ☐ Notice of group dismissal (10 or more) within any 4-week period : 8 weeks to 4 months, depending on number to be dismissed.
- ☐ Paid maternity leave : 16 to 18 weeks (after 1 year of employment covered by unemployment insurance).

Occupational health and safety standards are primarily regarded as provincial matters. Standards and their enforcement vary from province to province. Enforcement of federal standards is scattered among several departments and branches. The cost of occupational accidents and disease increased almost fourfold from 1967 to 1976, and has led to more stringent new health and safety laws in almost all jurisdictions, among them Saskatchewan and Manitoba in 1977.

The federal New Labour Code of 1978 gives an employee the right to withdraw, without loss of pay, from a work situation he believes to be imminently dangerous. The Minister of Labour can require the creation of employer-employee health and safety committees to identify and monitor health hazards on the job. Recent federal and provincial regulations include provisions dealing with radiation dangers, and air and noise pollution.

Labour Law Administration. The Canadian Federal Government has two agencies for labour affairs, which are called Departments, each headed by a Minister who is a member of the Prime Minister's Cabinet.

The Department of Labour, called Labour Canada, administers the federal labour laws relating to mediation and conciliation, fair employment practices, labour standards, occupational safety and health, industrial relations, and earnings of federal employees and of merchant seamen.

Labour Canada collects data, conducts research and publishes statistical and other information. It keeps up-to-date the legislative and administrative framework of rules and regulations within which labour and management function. It has a major role in preventing and settling industrial relations disputes.

Labour Canada concerns itself directly with employment coming under federal labour legislation. In general, it takes in enterprises joining one province to another province or to another country. Each province has its own labour legislation and

in some cases such as Quebec some provisions exceed those set by Labour Canada.

The Departments of Labour in the various Canadian jurisdictions administer and enforce labour standards regulations through their Employment Standards Branches.

The Department of Employment and Immigration administers employment services and unemployment insurance through 450 Employment Centres in 10 provinces and one Foreign Service region. Services include counseling, training, placing and relocating workers, and assisting employers with labour market information and by recruiting workers in Canada or from other countries through the immigration programme. The Department's Employment Consultative Service assists employers on problems of large-scale modernization or technological change, and encourages labour and management to seek joint solutions.

Distribution by province of average weekly earnings in January 1979 showed British Columbia workers highest paid with $311.36 and Prince Edward Island workers poorest paid with $201.94. The averages for Ontario, $274.84, and for Quebec, $271.31, were near the overall average for Canada.

The standard of living of Canadians is one of the highest in the world. For many years the increase in average worker compensation has been greater than the increase in consumer prices. In manufacturing, this increase averaged 3 per cent annually from 1950 to 1978.

Social Security

Canada's programmes are administered or funded by the federal government either wholly or jointly with the provinces under cost-sharing arrangements.

Canada has a dual system of old age pensions. The Canadian Pension Plan is compulsory for most employees, with benefits related to earnings. It is financed by 3.6 per cent of pensionable earnings, paid half by employers, half by employees. Benefits include retirement, disability, and survivor pensions, orphans benefits, and lump-sum death benefits.

The Old Age Security (OAS) pension is a universal, non-contributory monthly pension, payable at age 65 to persons with at least 10 years of consecutive residence in Canada.

Workers' compensation insures employees in government, industry, and commerce, except those in agriculture, domestic

service, banks, and in small firms. Costs varying by industry are borne by employers. Benefits include pay for temporary or permanent disability, widows' and orphans' pensions, and funeral grants, in addition to medical, surgical, nursing, and hospital services, medicines and medical appliances.

Unemployment insurance covers all but the lowest paid wage and salary earners. It is financed by contributions of 1.35 per cent of earnings by the insured, and 1.4 times that rate paid by employers, plus government contributions when the unemployment rate rises above 4 per cent. Benefits are payable for 18 to 51 weeks.

The federal government pays monthly family allowances for each child under age 18. Provinces may add additional amounts.

IV

Multiplicity of Unions
in
F R A N C E

Labour Organizations. There are several competing union confederations. The largest, oldest, and most powerful is the Communist-dominated General Labour Confederation (CGT). It was formed in 1895 at Limoges, bringing together various labour organizations emerging after an 1884 law granted freedom of association. The CGT's Charter, signed in 1906 at Amiens, defined its syndicalist ideology: Freedom from political parties, struggle against capitalism and the state, and creation of a new economic and social order where unions would guide the economy. The CGT came to pursue the aim of constructive reform of the existing system, without formally abandoning the Amiens Charter.

In 1922, Marxist elements, influenced by the Soviet experience, split from the CGT and formed a separate "unitary" CGT. Labour reunification was attempted in 1936 during the Popular Front, but fundamental differences between Communist and non-Communist union leaders soon emerged. In 1947, after the Communists acquired dominant positions in a unified CGT, non-Communist labour leaders and workers broke away and formed a separate federation, Workers' Force (CGT-FO), known simply as FO. FO, of Socialist orientation, with a large following in the public sector, has worked pragmatically with democratic French governments on matters of common concern. FO is affiliated with the democratically oriented International Confederation of Free Trade Unions (ICFTU) and the European Trade Union Confederation (ETUC).

The CGT, still dominated by the Communist Party, is affiliated with the Communist-controlled World Federation of Trade Unions (WFTU), and presses for membership in the ETUC.

Catholic workers formed the French Confederation of Christian Workers (CFTC) in 1919. Disagreeing with both Communist and Socialist doctrines, it sought economic change and improved working conditions through education and "collaboration between the elements of production." However, since World War II, the CFTC has taken common action with the CGT and FO on mutual problems. It gradually became a more potent force, deeply involved in social and political issues.

In 1964 the CFTC split over "Deconfessionalization," or separation of the union from church doctrine. A new, militant organization, the French Democratic Confederation of Labour (CFDT), emerged, bringing with it the majority of the ex-CFTC. Some Catholic workers remained loyal to older traditions, however; a fourth federation was formed which resumed the name of the old CFTC.

The CFDT plays an active role on the French labour scene; the CFTC is less influential. The CFDT belongs to ETUC and was a member of the World Confederation of Labour but disaffiliated in 1979. Its metal workers union is affiliated with the trade secretariat, International Metalworkers Federation.

The General Confederation of Cadres (CGC), created after World War II, organizes technicians, engineers, and administrators; it avoids political alliances.

The National Education Federation (FEN) claims to represent most of the teaching and support personnel of the national education system. Once a part of the CGT, it withdrew in 1947 because of Communist control of that organization. Although the various political "currents" have formal representation in its structure, FEN leadership is considered close to the Socialist Party.

It is difficult to measure strength and influence of the labour confederations by published membership figures. Considerations of rivalry, prestige, and propaganda affect claims about organizational influence and membership size. The moral support and political sympathy a union receives from workers are important elements of its overall influence; this is not reflected in dues-paying membership figures, which may be misleadingly small.

The CGT, the largest and best organized union with strong influence at the plant level, claims 2.3 million members. The CFDT and FO each claim about 1.1 million members; FEN, 550,000; the CFTC, 330,000; and CGC, 300,000. Altogether

about 22 per cent of the labour force is organized.

Results of elections to factory works councils (comitesd' entreprise) in the private sector suggest the relative strength of these federations. Votes were cast as follows in 1977:

	Percentage
CGT	37.4
CFDT	20.2
FO	9.0
CFTC	3.0
CGC	5.4

Recently, most federations have admitted losses in membership; there is evidence of accelerating decline in CGT strength as well as a shift in relative strength between FO and the CFDT.

Each major confederation is composed of national unions whose members work in a given industry or activity (e.g., public service workers, metal workers, chemical workers). Each major confederation maintains an organization in each department or region. Each national union also maintains departmental or regional organizations. Thus, the CGT, FO, CFDT, and CFTC have parallel, rival organizations.

The FEN's structure is similar to the other unions; and there are smaller competing CGT, CFDT, and FO affiliates active in the educational system.

Worker Representation. Works councils, a form of worker representation at the plant level, were the result of laws of 1945 and 1946 that sought to reconcile widely differing viewpoints.

French works councils are required in any enterprise with 50 employees or more. Kept small to facilitate management-worker communication, works councils, have, in addition to management representation, elected employee delegates—three titulars and three alternates for 50 to 75 employees; eight titulars and eight alternates for 2,000 to 4,000 employees.

Works councils do not negotiate on behalf of workers, nor speak for unions. They manage plant welfare and recreation programmes, oversee health and safety questions, and, pursuant to 1968 legislation, may negotiate a Gaullist-type profit-sharing contract (contract d'interessement) with management. Works council representatives (loosely termed "shop stewards") are elected largely on the basis of federation affiliation (CGT, FO, CFDT) and since unions can also nominate nonvoting observers

to works councils, trade union influences generally predominate.

In addition to works councils, elected personnel delegates deal with management on individual worker problems. They also function as works councils in enterprises with less than 50 employees.

Legislation passed in 1968 provides for a trade union section in each plant. Trade union section representatives collect dues and represent the union at the plant; they rarely negotiate agreements with management. This is usually done by outside union representatives for the plant.

Conseils de Prud'hommes are conciliation boards composed of elected employers and employees, which handle grievances and disputes arising in a given geographic area over individual work contracts.

No uniform system of worker representation has emerged. There is wide variation, from plant to plant, in strength and effectiveness of the representative bodies and procedures followed.

Employer Organizations. Most French enterprises are grouped voluntarily, according to industry or occupation, into local trade associations. These are joined into federations (e.g., the Federation of Textile Manufacturers' Associations) affiliated with the National Council of French Employers (Conseil National du Patronat Francais—CNPF). The CNPF was formed in 1946, with broad membership but limited authority over its members. Seeking to coordinate members' activities and to represent them where needed, it discouraged collective agreements and opposed "excessive government regulation."

By the 1960s, a new group of managers had appeared, trained in economics and management principles, not always sharing the attitudes of the older generation. After the events of 1968, enlightened managers decided to change with the times rather than defend traditional management prerogatives. With official encouragement, they affirmed interest in collective bargaining, reorganized the CNPF, increased its staff, improved its research capability, and strengthened public information services.

The CNPF has extensive coordinating responsibilities. Its representational functions grew as its participation increased in committees and commissions responsible for social security policies, manpower programmes, and in committees and commissions for the National Plan.

CNPF affiliates define their own wage policies. They

exercise wide responsibilities in labour or social questions arising within their individual spheres of authority. Individual enterprises usually retain their freedom of action on wage questions. Large corporations sometimes negotiate pattern-setting agreements.

A separate organization, the General Confederation of Small and Medium Enterprises (PME), represents personally owned or smaller family enterprises. Managers join other organizations for religious beliefs or a common outlook (e.g., The Association of Christian Employers ; The Committee of Young Managers).

Separate organizations represent interests of agricultural enterprises. The National Federation of Farmers is the most important.

Collective Bargaining. After the Liberation and reconstruction, the law of 1950 restablished the principle of free collective bargaining. Separate statutes govern public enterprises. Without making collective bargaining obligatory, the legislation, amended in 1971 and 1978, orients the parties to the bargaining table, usually at the national, regional, local, or plant level. It sets procedures for dealing with labour disputes, and defines two forms of collective contracts—extendible and ordinary.

A "contract susceptible of extention" is extendible by the Labour Minister, on recommendation of the Higher Commission for Collective Bargaining, to geographic areas or groups otherwise without contract coverage. The contracts must cover such subjects as freedom of association and worker rights, participation in works councils and other enterprise institutions, resolving collective disputes, timing of wage reviews, vocational training, and equal pay for equal work by women and young workers. They cover other issues of general concern.

An "ordinary" agreement is characterized by limited coverage—to a local enterprise or geographic area. The bargaining partners may adapt terms of an existing national, industrywide collective agreement to local conditions. When no national agreement exists, they may deal with all relevant problems.

Once signed, contracts remain in force until replaced, or for 1 year after denouncement by either management or labour representatives.

The government may summon the parties to negotiate a collective contract if negotiating parties request it. Failure to attend after such a summons is a punishable offense.

Interindustry agrements, not mentioned in the basic labour

legislation, are negotiated by top-level management and labor representatives and cover subjects of across-the-board concern, such as vocational training, unemployment benefits, paid vacations.

Separate legislation, inspired by Gaullist social policies, authorizes plant profit-sharing contracts. Intended to interest workers in the success and efficiency of their enterprise by participation in company profits, they are negotiated by works councils rather than union representatives.

The Government encourages management and labor organizations to negotiate on issues important to the Government. It provides to negotiators recommended percentage figures and guidelines for wage increases. From 1976 to 1978 legislation limited increases for high-level wages.

Disputes. The 1950 law sets forth procedures for resolving labor-management disputes. Labor inspectors frequently arbitrate disputes. Conciliation boards, composed mainly of management and labor representatives, have proved ineffective. The Higher Court of Arbitration is rarely used.

Mediation of wage issues at the national, regional or local levels has been more successful. Outside mediators are drawn from the upper ranks of the civil service. Their findings are binding on both sides unless formally rejected by either side within 8 days. In 1977, 222 days were lost per thousand workers in nonagricultural industries in France due to industrial disputes. The same figure for the U.S. is 444; UK, 455; Germany, 1; Italy, 1,039 ; Japan, 41.

Labor Standards

Legislation. The Constitution affirms the principle of freedom of association, the right to strike, the obligation to work, the right to a job, the right of equal opportunity for education and training, social security, and worker participation in the operation of the enterprise where employed. The French Labor Code brings together most basic laws and regulations. The Social Security Code contains legislation, decrees and regulations in the social security field.

Labor legislation defines conditions for operating an enterprise, lists the powers of the enterprise head, gives a framework for collective bargaining, lists functions of works councils, personnel delegates, trade union delegates, and other enterprise

representatives; and defines safety regulations and conditions for employment and training.

It limits the hours of work, providing for a basic 40-hour workweek, subject to adjustment in national collective agreements or by the National Economic and Social Council. Unless collective agreements stipulate otherwise, overtime pay is fixed at the rate of 125 per cent of regular pay for 40 to 48 hours; 150 per cent, over 48 hours. Special legislation regulates hours of work in agriculture, where an annual hourly total is applied.

Laws on health and safety govern the use of dangerous machines or substances; they provide for standards of lighting, ventilation, rest facilities. Employment of women and children in occupations or in establishments listed as unhealthful or dangerous is forbidden.

Laws provide for a period of weekly rest. Paid vacations are first determined by applicable collective contract; where none exists, employers may set the vacation periods, after consultation with the works council. Legislation provides for a minimum 4 week paid annual vacation.

Administration. Numerous government agencies develop and implement labor legislation and government policies. Foremost is the Ministry of Labor. Founded in 1906 to bring together various labor services, the Ministry is responsible for most government policies in labor-management relations at both the national and local levels. In recent years manpower, employment and training activities have been decentralized. The social security system is operated by separate organizations.

The Labor Ministry's Inspection Service oversees the application of labor legislation and regulations in most workplaces. It recommends policies and legislation to the Labor Minister. Labor inspectors help resolve labor-management disputes, and serve as informal chairmen in some negotiating sessions. They participate in various regional or local councils or commissions, including those involved, for example, in employment of foreign workers, in agricultural questions, and in social security agencies.

A corps of medical inspectors, nurses, and safety experts cooperate with the Inspection Service to oversee health problems at the plant and industry levels. Medical and safety staffs collaborate with works councils on special projects.

Social workers are assigned to enterprises to assist in problems arising in workers' lives, particularly foreign workers,

young people, handicapped persons, or women.

The National Employment Agency was founded in 1968 as a semiautonomous organization under the Labor Ministry, for worker placement and training. It has strengthened worker counseling and training, increased available information on job openings, provided documentation and services for foreign and unemployed workers.

Various specialized national commissions are active on both national and local levels. The Higher Commission on Collective Agreements is a government-labor-management organization providing advice to the Labor Minister. It makes recommendations concerning extensions of contracts, notifies the Minister of difficulties arising during collective bargaining and provides information about the conclusion and application of contracts. It also obtains data needed by the Council of Ministers for determining the interindustry minimum wage.

The Economic and Social Council, formed in 1958, advises Parliament on general economic and social issues, and the Labor Minister on labor questions. Management and labor representatives are included in the Council's membership.

Wages, Hours, and Prices. During the immediate post-war years the Government fixed all wages. Since 1950, basic wage rates have generally been determined by collective bargaining at the industry level. A guaranteed interindustry minimum wage (SMIC) is set by the Council of Ministers and is tied to the cost-of-living index. It is used in calculating various benefits and social security payments.

Wage agreements for workers in nationalized industries covered by special statute previously required prior government approval. Under the Chaban-Delmas Government (1969-72), "progress contracts"—where wages reflect productivity gains—were introduced in this sector.

Total compensation per hour worked in manufacturing industries reached F30.52 in 1978, when the dollar was worth F4.50.

In response to union pressures, efforts have begun to place industrial workers' wages on a monthly basis, reducing the difference between white-collar and blue-collar earnings. The interindustry minimum wage, SMIC, can also be calculated on a monthly basis.

Social Security

The 1946 Social Security Code's coverage and benefits have been extended until they cover nearly everyone.

The code consolidated a network of insurance plans, and established rules for operation and government supervision. There is labor-management control; worker representation predominates. Funds are derived mainly from compulsory employer and employee contributions.

The General Social Security System covers about 70 per cent of employed persons and their dependents. Special systems cover government employees; and agricultural, mining, merchant marine, railroad and public utilities workers.

Within the General System two separate social security "funds" cover major risks. The National Old Age Pension Fund administers old age, invalidity, and death benefits. The National Sickness Insurance Fund administers sickness and maternity benefits as well as claims for on-the-job injuries.

Old Age, Invalidity, and Death. Qualified persons may retire at age 60 with 25 per cent of their average annual earnings in their 10 highest paid years. Past earnings are revalued to current comparable wage levels to mitigate inflation effects. A pension equal to 50 per cent of basic earnings is paid at age 65; 75 per cent at age 70. A means-tested dependents' supplement is paid, with comparable benefits for permanent disability and for survivors.

Sickness and Maternity. Sickness benefits, after a brief waiting period, are paid up to 36 months; benefits equal 50 per cent of covered earnings. Maternity benefits equal 90 per cent of earnings, payable for 6 weeks before and 10 weeks after confinment; a monthly nursing allowance is payable up to 4 months; separate maternity payments are also paid under the family allowances system.

Medical benefits consist of cash reimbursement of part of the medical expenses according to an agreed schedule, usually with a 20 to 25 per cent deductible.

Work Injuries. Benefits from injuries, traditionally the employer's responsibility, are usually 50 per cent of current earnings for temporary disabilities; 100 per cent for a permanent work-connected disability. Patients pay no related medical expenses.

Survivors' benefits range from 30 to 50 per cent of the in-

sured person's earnings.

Participating workers pay 4.7 per cent of earnings in the National Old Age Pension Fund; 4.5 per cent to the National Sickness Fund.

Employers pay 8.20 per cent of payroll to the National Old Age Pension Fund; 13.45 per cent to the National Sickness Insurance Fund; 3.5 per cent for work injuries insurance.

The Government helps finance the Sickness Insurance Fund.

France's unemployment compensation system, set up in 1958, was reorganized pursuant to Legislative Act No. 79-32 of 1979, and an Inter-Industry Collective Agreement of 1979. A single organization—Local Employment Associations of Industry and Commerce (ASSEDICS), united nationally in the National Inter-Industry Employment Union for Industry and Commerce (UNEDIC)—receives contributions and pays out benefits. Employer and worker payroll contributions (2.76 per cent and .84 per cent respectively), and a government subsidy finance the system. Five types of benefits are paid. Special compensation systems govern employees in the public sector.

Family allowances, administered by the National Family Allowances Fund, are financed by employer contributions, 9 per cent of payroll. Benefits are provided to employed persons, social security beneficiaries and others not employed but having two or more children, including recipients of a Mother-At-Home Allowance. Benefits vary according to family circumstances. Prenatal allowances and birth grants are also paid.

V

The Unique HISTADRUT—A Trade Union Organization, and also an entrepreneur, owner and operator.

in

I S R A E L

Labor Organizations. Histadrut, the Israeli Federation of Labor, the most vigorous labour movement in the Middle East, is unique.

Founded in Palestine in 1920, Histadrut has become more than a successful labor federation. Before the establishment of the state it was, with the Jewish Agency, the representative of the Jewish population during the British Mandate.

On the one hand Histadrut is a tough, militant, union amalgam that fulfills all the requirements of unionism in Western terms. On the other hand, Histadrut is an entrepreneur, owner and operator of the country's largest complex of production enterprises and Israel's biggest employer, constituting about 25 per cent of the country's employment and output. At one and the same time Histadrut is both labor and management—a self-contained contradiction that other labor movements find implausible if not inconceivable. Yet it is a contradiction that Histadrut has somehow made workable for over 59 years.

Queried repeatedly by foreign trade union visitors on how a union can also be an employer, Histadrut leaders explain that the federation created industrial and social service enterprises because there was no one else at the time to launch them. And where freedom of action is concerned for the employees of Histadrut enterprises, reports of strikes against one or more of these enterprises are frequent.

Histadrut's bank, Hapoalim, is the nation's second largest

financial institution with branches in the United States, England and other countries. Histadrut owns a Hebrew daily newspaper, farm production and marketing agencies, and in wholesaling and retailing runs an organization with 1,500 branches including department stores and supermarkets. It is the proprietor of housing projects, and either owns or has large holdings in most forms of domestic and international transportation. It operates the national health care program and a variety of welfare services. It maintains its own pension program. Few aspects of the nation's cultural life—theater, music, dance, and the graphic arts—fail to show, in varying degrees, the imprint of Histadrut.

Unionism, therefore, has reached into all areas of Israeli life. Most occupations—craft, industry, and profession—are unionized. Approximately 75 to 80 per cent of all workers belong to Histadrut and its affiliates: in all 1,490,000 workers. The 40-odd affiliates range from the Hired Agricultural Workers (60,000) to the National Union of Diamond Workers (10,000); from the 500-member Foremen's Union to the National Union of Lifeguards (300); from the national Union of Metal Workers (50,000) to the Employed Lawyers Association (3,000); and from the National Union of Teachers (30,000) to the National Union of Psychologists. Probably in no other country in the free world are the workers in all occupations and professions more union oriented.

Every Prime Minister up to 1977 came out of Histadrut, including Ben-Gurion and Golda Meir.

In addition to its role as entrepreneur Histadrut differs from the American and other free labor movements in two other ways. First, the Israeli worker becomes primarily a member of Histadrut and secondarily affiliates with his or her special craft, industrial, or professional union. Second, the Histadrut national convention, the federation's top governing body, is elected by the entire membership by secret ballot. Lists of candidates are based more or less along the lines of the political parties in the Knesset.

Histadrut's budget and expenditures accurately reflect the federation's major concerns. In one recent budget nearly 61 per cent went to Kupat Holim, the health care and medical insurance service. Twenty-seven per cent of the Histadrut income went for organization and culture; mutual aid took 3½ percent; the Fund for Slum Dwellers more than 1 percent; the Fund for Public Buildings less than 1 per cent. In sixth place was the His-

tadrut Strike Fund.

Unique, too, among all democratic labor movements, is the role of women in Israeli unions. Members' wives who may be occupied wholly as housewives may also be full Histadrut members with voting rights and all the normal obligations of membership.

Histadrut maintains close relations with the labor organizations of all other free nations, particularly those in the United States. The federation is an active affiliate of the International Confederation of Free Trade Unions (ICFTU) and its Asian Regional Organization (ARO) as well as the various International Trade Secretariates with which 30 Histadrut national unions are affiliated.

For nearly 20 years Histadrut's Afro-Asian Institute for Labor Studies and Cooperation has trained more than 6,000 student unionists from 95 countries in its comprehensive labor studies program, and has sent dozens of its experts abroad to assist developing nations in training their own people on their home ground.

Three smaller labor organizations exist in Israel. The first which bears the name National Histadrut but should not be confused with the General Federation of Labor, was founded in 1934 by the Revisionist Zionists. It maintains separate pension and insurance programs and a sick fund. The other two, with about 185,000 members, are based in religious organizations but are insured with the Histadrut sick fund and are represented in the federation's trade union department. Small union of journalists and high school teachers operate outside of Histadrut.

Employer Organizations. Several employers' associations handle collective bargaining and other affairs of their particular sectors. The most important is the Israel Manufacturers Association with headquarters in Tel Aviv. Its 800 affiliates represent the gamut of Israel's major private industrial producers. Its most important function is its role as representative for all of Israel's industry in collective bargaining with Histadrut. Although Histadrut enterprises produce a substantial part of Israel's total industrial output, they do not participate in the Association in the bargaining process. Nevertheless, they are subject to the overall contracts arrived at by the Association and the Trade Union Department of the Histadrut.

Other employer organizations are: The Merchants' Association which represents private commercial undertakings,

including wholesale and retail stores ; the Artisans' and Small Manufacturers Association, representing some 40,000 workshops and the Farmers' Association representing 42 settlements of private farmers and 80 agricultural cooperative societies. There are also Chambers of Commerce in Tel Aviv, Haifa, and Jerusalem.

Labor Standards

Ministry of Labor and Social Affairs. Before the election of 1977 in which the Labor Party was defeated, the Ministries of Labor, Social Welfare and the National Insurance Institute were separate entities. In the new Government's reorganization the three were combined in a new Ministry of Labor and Social Affairs.

The ministry's functions cover a wide territory, the principal ones being: Employment and unemployment; operation of an Employment Exchange of 81 local branches, plus 39 in the occupied areas; vocational training for youth and adults which emphasizes industrial and technological occupations, carried out in cooperation with industry and Histadrut; manpower planning; labor inspection covering health and safety of workers, and working conditions ; and labor management relations. The social services area concerns itself with the economic and social problems of all special classes of the population such as the aged, deprived youth, the retarded, the blind. Special attention is given to adjustment problems of new immigrants.

The National Insurance Institute is administered by a director operating under the overall aegis of the ministry, but functions much as it did as an independent agency. It collects and disburses the contributions of employers and workers covered by the law, passed in 1953. In this, as in other major divisions of the ministry, there is a broad network of regional and local offices.

Legislation. Histadrut has bolstered its status as a free labor movement by supporting enactment of the region's most advanced labor legislation.

Because so many of Israel's immigrants were social democrats, it was inevitable that industrial democracy would be a cornerstone of labor-management relations. Industrial democracy took root, first, because for its first 29 years Israel functioned with a Labor Party government, and second, the potentials

were great because more than in most other social democracies the labor movement owned and operated substantial production facilities.

Israel's evolving labor code has been based largely on conditions negotiated through collective bargaining in the past, and later supplemented by comprehensive labor laws. Labor legislation has been shaped largely by Histadrut whose representatives sit on the Advisory Council which drafts the laws. The Minister of Labor is required to consult Histadrut, as majority spokesman for the nation's workers, on administration of the laws.

Two major statutes were enacted in 1957. First, the Collective Agreements Law sanctioned collective bargaining contracts and empowered the Minister of Labour to extend their conditions to all enterprises in the industry.

Second, the Labor Disputes Settlement Law provides for mediation and arbitration of disputes but does not call for compulsory arbitration or limit the right to strike.

In 1951, within three years of independence, Israel adopted a law limiting hours of work to 8 in one day and 47 in a week. Workers are entitled to a compulsory weekly rest period of 36 continuous hours. Overtime work is permitted only with the Labor Minister's permission and then only with time-and-a-quarter pay for the first 2 hours and time-and-a-half thereafter.

A 1951 Paid Vacations Law assure all Israeli workers paid vacations ranging from 2 weeks to 1 month every year.

Work by children and youth is restricted by a 1953 law which bans employment of children under 15 and controls working conditions for young people under 18.

Women are protected by an Equal Rights for Women Law (1951) and by a 1954 law which guarantees them 12 weeks of paid maternity leave, and the right to return to their jobs if they take unpaid leave beyond the 12 weeks.

Israel in 1963 adopted one of the world's first severance pay laws, providing lump sum payments to workers who are dismissed or forced to resign from their jobs through no fault of their own. The law states that such workers must receive 1 month's pay for every year of employment.

Wages. Israeli wage scales and consequently living standards are comparable with those in many nations with far longer histories of industrialization. This is owing chiefly to free collective bargaining and to the fact that Israeli workers and

their unions can and do strike in support of their contract demands even if this means striking against a Histadrut-owned or Government-owned enterprise.

Israeli wages comprise four main elements: Basic wages, cost-of-living allowances, family allowances, and longevity allowances, which increase in amount with length of service. The basic wage is scaled according to skill. To protect earnings against price fluctuations, Histadrut has negotiated for all workers a sliding cost-of-living allowance periodically adjusted for changes in the consumer price index. To help meet inflated living costs the National Insurance program provides direct family allowances.

Nonwage benefits equal 20 to 30 per cent of wage rates. In October 1978, the Government imposed a 15-per cent ceiling on wage increases, but in the same month the Bank of Israel estimated that 1978 retail prices would soar by 42 per cent. Histadrut vehemently denounced the 15-per cent ceiling and threatened work stoppages and other forms of protest. Since the consumer price index increased 73 per cent between September 1978 and September 1979, the Government's directives on wage increases have been revised to provide substantial wage increases and thus have prevented major work stoppages.

The Israeli problem is the same as that which has affiicted other countries and other labor movements since 1950—the devastating effect of inflation. Primarily because of heavy defense spending Israel's inflation has led the pack. In 1978 the CPI rose 50 per cent and rose even higher in 1979. In spite of this, wages have, according to Israeli sources, kept slightly ahead of inflation.

Social Security

Comparable in many ways to the U.S. Social Security Law, Israel's 1953 National Insurance Law provides old-age pension and survivors' benefits for all Isreali workers, as well as accident and maternity insurance plans. The worker injured in an accident is entitled to 75 per cent of his regular wages and comprehensive medical attention. Maternity compensation is also 75 per cent of regular wages during 12 weeks of maternity leave. Recent amendments to the law offer allowances for children, unemployment compensation, and disability benefits.

The nation's labor laws and social security legislation are repeatedly strengthened by the Knesset and also through innovations negotiated in collective bargaining. The latter include employer contributions to the Workers' Sick Fund, employer contributions to pension funds to ensure either a cash payment or regular benefits, and family allowances for wives.

VI

No Political Posts for Union Leaders

in

I T A L Y

The Italian Constitution recognizes unions, guarantees the right to strike, proclaims the right of all citizens to work, and the duty of society to promote conditions for the fulfilment of that right. It declares workers have the right to an adequate wage and annual paid vacations, and calls for legislation to carry out all these principles. However, much implementing legislation, including a basic labor law, is lacking. The industrial relations system is still incomplete. The role of unions continues to evolve and new areas for collective bargaining have emerged. Unions are more effective on national issues but less effective in the plant and the local community.

Labor Laws. Labor management relations are governed by laws and by special provisions in labor contracts. There are inviolable procedures usually associated with job transfers and dismissals. The system shows traces of Italy's long history and recent past. It typifies Italy's own way of accomplishing things, and reflects current changing economic and social conditions. Its incompleteness and compromises bear the stamp of the unresolved struggle between Communists and non-Communists for control of Italian labor.

Laws regulate conditions of work, employment, dismissals, vocational training, aid to the handicapped, protection of child labor, and require equal rights for women. International Labor Organization Standards ratified by the Italian Government, and other international commitments affecting labor, are observed as part of Italian law. The Workers' Statute of 1970 restates and extends workers' rights and the role of unions. A 1973 law

defines procedures for Italian courts in the many labor cases arising in part from the lack of basic labor legislation.

A 1977 law extends to the father the privileges for special leave for family reasons previously available to the mother. All such legislation guides the activities of the Government's mediation and conciliation services. Reported violations of labor regulations are routinely investigated by the Labor Ministry's inspectorate; corrective action can be enforced by the Italian courts.

Collective Bargaining. The primary collective bargaining agreement is a national, industrywide contract. It is valid for 2 to 3 years, a holdover from the prewar regime, negotiated nationally by representatives of the unions for a given industry (or "category" of activity, such as commerce or agriculture), and their management counterparts. While each contract varies according to conditions within the industry or category of activity covered, it sets forth minimum wages and, as general guidelines terms of working condition within that industry or category. More recently, union rights, individual advancement (e.g., paid leave for study), employment security, investment policy and provision of company or industry information to union representatives, have been negotiated. Sometimes, as in the case of agricultural workers, bargaining takes place at the provincial as well as the national level.

Over the past 15 years a new form of bargaining—decentralized or plant-level bargaining—has been introduced. It was an important step toward strengthening unions' role in the plant. It met the growing requirement that the terms of the national contract be elaborated in supplementary local agreements to respond to local conditions.

Decentralized bargaining also dealt with a threat to union effectiveness. Management had sought to keep skilled labor from moving to better paying plants by unilaterally raising wages, usually through factory workers' commissions (commissioni interne) which did not represent unions nor bargain with management. Under decentralized bargaining, a supplementary plant agreement is negotiated by authorized local union representatives.

First limited to defining piece rates, productivity premiums, and approving new job descriptions for workers, plant-level bargaining now includes a wide range of labor-management questions It has become the cutting edge of union pressures

to introduce change and to protect worker interests. The scope of union activity in the plant has not been agreed upon. Union rights are still narrower than in northern Europe or the United States. For example, the right to assemble, the right to post bulletins, and time off for union work have been recognized only since 1970.

During the 1950's and 1960's union leaders often served their political party as parliamentary deputies or senators. They initiated labor legislation, such as the law on family allowances, supplementing the sketchy benefits obtained through national collective bargaining.

Where political deadlocks prevented Parliament from adopting laws on especially controversial subjects (hirings and dismissals, or cost-of-living benefits) top-level representatives of labor and management negotiated separate agreements (Inter-Confederal Accords). They have the same status as other collective agreements. Inter-Confederal Accords provide important sources of basic labor-management procedures. Although no new accords have been signed in recent years, existing ones are revised and updated from time to time.

Since 1972 union leaders no longer occupy political posts; such responsibilities are considered incompatible with the principle of labor autonomy. Yet, unions influence legislation and other important politico-economic decisions, primarily through opportune discussions with government and public agencies, for example, prior to the submission to Parliament of bills of interest to labor.

Labor, management, and individual technical experts also meet in the Economic and Labor Council (CNEL), a body numbering 80, established in 1957. It conducts studies, expresses opinions to Parliament or to regional organizations, and may introduce bills in Parliament.

Labor also uses the general strike for political expression. Although brief (a few hours to I day) the general strike is an effective political weapon.

Labor Organizations. Of Italy's 21.7 million workers, more than 8 million are claimed as union members. However, Italian union membership is a vague concept. Union strength is better demonstrated by an ability to secure worker support on given issues and to influence top-level economic and political decision-making. Thus measured, Italian unions are strong. In the plant, labor representation is more fragmented and less effective than

its management counterpart.

Of the three major unions, the preponderant, Communist-dominated Confederazione Generale Italiane del Lavoro—CGIL—claims more than 4 million members. The CGIL includes some Socialist members and officeholders and other non-Communists. The Christian Democrat-oriented Confederazione Italiana Sindacati Lavoratori—CISL—claims more than 2 million members and is responsive to several factions in the Christian Democrat party. The smallest confederation, Unione Italiana del Lavoro—UIL—claims more than I million members. It has ties with the Republican, Social Democratic, and Socialist parties. Socialist workers are free to join the union of their choice. Autonomous unions represent about 500,000 workers in special fields, including airline pilots. The rightwing Party of National Democracy (DN) sponsors the Confederazione Italiana dei Sindacati Nazionali Lavoratori—CISNAL—which represents fewer workers.

Unions reflect the policies and views of the parties to which they have ties. Communist influence is well organized and strongest. CISL and UIL were formed to prevent Communist domination of the labor movement.

Each confederation is made up of unions of workers in a given occupation in industry, agriculture, and services. Each is organized at the local, provincial, regional and national levels. Rivalry is normal Yet, common political-economic issues often result in joint trade union action. Communist tactics usually urge it.

Relations between democratic unions and the Communist-dominated CGIL are marked by complex pressures. Long, drawn out negotiations for labor unification finally resulted in a 1972 compromise, forming a loose, partial confederation of the three confederations, the CGIL-CISL-UIL Federation (CCU). Corresponding local organizations were formed. The CCU represents the three unions where joint action is agreed upon, particularly in high-level negotiations with government and management.

Employer Organizations. Reminiscent of the prewar industrial system, nearly all private industrial employers are organized into industrywide or regional associations. Most are members of the General Confederation of Italian Industry—Confindustria, the most powerful voice of private industry in Italy. Approximately 135,000 industrial enterprises (many shops employing lessthan 100 workers) are represented by Confindustria. It bargains for them with labor unions on the national, regional, provincial,

and local levels, and represents them in discussions with the Government.

Giant enterprises such as FIAT are also Confindustria members.

Industrial and commercial enterprises with state participation belong to a separate organization, the Interplant Representation Association—Intersind. Less conservative than Confindustria, it serves as an innovator in labor-management relations. Membership includes about 140 firms, generally large enterprises, ranging from naval-shipyard and maritime to textiles, metal working, and banking and credit. They employ approximately 600,000 workers. Petroleum companies with state participation are members of the Association of Petro-Chemical Plants—ASAP, which functions like Intersind.

Other management associations, for example, the General Confederation of Agriculture—Confagricoltura, represent owners or operators of agricultural enterprises and the General Confederation of Commerce—Confcommercio, represents the commercial field.

Strikes and Lockouts. After collective bargaining was decentralized in the early 1960's, local strikes became more frequent. Workers became more militant and less responsive to national leadership. New workers posed special problems. Extremists became more active. Lines of communication between management and labor broke down. A strike or employee occupation of the plant or enterprise became a frequent means of communicating with management. Distinctions have blurred between a political strike—called for reasons outside work—and an economic strike called to press specific demands.

In 1969, with its "Hot Autumn" that marked the beginning of a long period of worker restiveness and a new emphasis on wide-ranging plant negotiations, 302 million man-hours were lost in work stoppages. (In 1975, 190 million man-hours were lost; in 1976, 177 million.) By 1977, after strenuous government, labor, and management efforts to consult and cooperate to increase output and reduce costs, that loss was down to 116 million man-hours. Throughout that period Italy had the highest rate in the EEC of working days lost per 1,000 employees due to strikes.

Techniques and procedures for resolving labor disputes vary. When the settlement of a dispute (or "vertenza") becomes difficult, employers and unions often seek the mediation of the

Labor Ministry. However, this mediation is voluntary and no compulsory arbitration power exists. Most strikes have political overtones, and are watched carefully by authorities concerned over public order, government policy, or the economic implication of a labor dispute. Government action in labor problems has tended to evolve from crisis intervention to advance consultation. In this way, labor has an important consultative role. This challenges unions—including Communist-led unions—to make a constructive contribution.

Labor Standards

Wages. In 1977 the estimated average hourly earnings of production workers in manufacturing industries was 2,350 lire (U.S. $2.66). In 1965 similar earnings were only 398 lire ($0.64). In 1977 total hourly compensation (including such benefits as vacation pay, other leave, bonuses, and various social security payroll taxes amounting to nearly 95 per cent of hourly earnings) was 5,235 lire ($6.18).

Calculating Italian wage rates is a complicated process. Minimum wages are determined by national collective agreements; plant-level contracts fix local, supplementary benefits based mainly on premia and bonuses; sliding scale increases on the cost-of-living are fixed by Inter-Confederal Accords; family allowances, by Parliament.

As part of the broader economic program of the 1976-77 Government, labor and management agreed that the government should seek to curb plant-level wage increases in excess of guidelines indicated in national collective agreements. The Government would withhold certain tax advantages from firms ignoring such guidelines.

The Italian system of indexing wages and wage-related benefits (e.g., separation benefits based on longevity) was attacked as inflationary. Some minor adjustments were agreed to but labor defends wage indexing. To reduce labor costs the government has assumed responsibility for certain social security and other payroll tax contributions normally paid by the employer.

Hours. The law allows a maximum 48-hour week, 8-hour day, and 6-day week, but recognizes that hours of work must not exceed the maximum in the applicable collective contract. The latter generally provides for a 40-hour week, but overtime is

allowed. Unions seek to limit if not eliminate overtime to create more jobs. The average workweek in industry is slightly more than 40 hours.

Paid Holidays and Vacations. The law provides for 10 legal holidays and another holiday, the day of the Patron Saint of the town or city, is usually provided for in collective agreements. Five have recently been eliminated and two (June 2 and November 5) were changed to the following Sunday in efforts to increase productivity. Collective agreements provide up to 4 weeks' paid vacation per year.

Living Standards. Until 1975 real hourly compensation in manufacturing industries had risen at the highest rate in the European Economic Community (EEC); in 1977 real hourly compensation fell. Consumption of food—some imported—ownership of cars, television sets, and telephones have risen to standards approaching other industrial EEC countries.

Social Security System

Development of Italy's social security system has been slow because of Italy's poverty. Count Cavour, a mid-19th century Italian statesman, had vainly urged old age pension legislation as early as 1859. With rising living standards and increased national resources postwar Italy moved gradually to extend social security coverage to all. The Constitution guarantees the protection of health, the support of those unable to work, and the right of workers and their dependents or survivors to social insurance benefits in case of accident, illness, disability, unemployment, old age, or death. Italy's social insurance benefits are now among the most inclusive and costly in Europe.

A U.S.-Italian Social Security agreement went into force in November 1978. Workers who contributed to both systems now may have their credits combined to determine benefits. Double coverage and taxation for the same work is eliminated.

The overall social welfare organization is the National Social Welfare Institute (INPS). It administers old age and survivors' benefits and benefits to workers temporarily laid off. It serves in times of disaster as a channel for special assistance and settlement of claims. Its branches are located throughout Italy.

Flat-rate unemployment compensation (and sick benefits) are paid for 6 months to covered unemployed workers registered

with the Labor Ministry placement officers (1 year for construction workers and 2 months for migrants). Such workers' social security contributions must have been paid for 1 of the 2 previous years.

Unreported workers who become unemployed cannot qualify. Public employees, self-employed, apprentices, artists, seasonal workers, and others, amounting to approximately one-half the labor force, are not covered. The tiny daily unemployment compensation, unrelated to earnings, plus family allowances, which continue during unemployment, will not support a family.

For shorter periods special earnings-related benefits ranging from 30 per cent to two-thirds of gross earnings are paid unemployed workers in construction, agriculture, and industry. However, a Wage Supplement Fund, maintained by employer-paid payroll taxes, compensates workers in a given plant put on part-time or temporarily laid off but kept on the payroll, to the extent of 80 per cent of gross earnings. This compensation substantially cushions the effects of such layoffs.

Health Standards

Protection of public health (enforcement of standards of hygiene, supervision of medical services) is controlled by the Ministry of Health through special doctors in the regions, provinces, and communes. Occupational safety and health in the workplace are also subject to inspection. Public assistance is supported partly by the state and partly locally. There are numerous private charitable organizations, mainly run by religious bodies.

Health Insurance. The health insurance system has been composed of individual organizations, largely according to professional activity, financed by employer and worker contributions, and monitored by the Ministry of Labour and Social Welfare. The largest, covering most private industrial workers and their dependents, is the National Health Insurance Institute (INAM). The health insurance system, subject of much criticism, is now in process of amalgamation. Overall supervisory responsibility is being delegated to the regions.

All the organizations concerned with managing social insurance programs have government, labor, and management representation. It has been customary for individuals with a well-defined labor background to be selected to head the various social insurance agencies.

VII

Labor Unions A Major Force in JAPAN

Labor Organization. Labour unions first appeared as early as the 1880's, but only since 1945 have they become a major force. Today union membership is the second largest among the industrialized market economies. One of every three employees, 12.4 million persons, belong to more than 70,000 unions. The rate of organization has varied only slightly in the last 20 years. It contrasts with the maximum prewar ratio of 8 per cent in 1932 before unions were absorbed in a Government-sponsored labor front. With strong encouragement of the Allied Occupation, and protected by the labor reforms, union membership by 1950 soared to cover about half of all wage earners. During the 1950's, after the occupation authorities reversed their policy of encouraging union organization, it declined to its present ratio of 33 per cent.

Since 90 per cent of all unions are organized within a single establishment or company, they are called "enterprise unions." Most tend to include the regular manual and nonmanual employees but exclude temporary workers. Few industrywide unions exist. The Seamen's Union is a notable exception.

Unions in the same industry form an industrywide federation, many of which affiliate with one of four national labor centres. No single labor organization lumps together a majority of union members.

The largest national centre is Sohyo, General Council of Trade Unions of Japan, founded in 1950. In 1978, it claimed a membership of 4,525,000 through 50 affiliated federations. About two-thirds of Sohyo's membership is in the public sector.

Domei, the Japanese Confederation of Labour, is Sohyo's closest rival. It originated in 1954, with elements that split from

Sohyo. In 1978, Domei claimed 2,182,000 members in 30 industrywide federations and 47 regional bodies. More than 90 percent of Domei's membership is in private employment, outnumbering Sohyo's strength in that sector by almost half a million.

The third largest centre is the loosely organized Churitsuroren, Federation of Independent Unions of Japan, which claimed 1,321,000 members in 1978, almost all in the private sector. It originated in the late 1950's and, as its name implies, attempts to maintain a neutral position between Sohyo and Domei.

Shinsanbetsu, National Federation of Industrial Organizations, is the fourth nafional centre, with only 61,000 members in 1978—all in the private sector. It has recently formed a loose alliance with Churitsuroren with the aim of eventual merger.

Despite frequent attempts to unity and restructure organized labour, rivalry and competition characterize relationships among the national centres. From the beginning of postwar unionization, labour centers have differed ideologically and in organizational philosophy. Sohyo officially supports the Marxist-oriented Japan Socialist Party, although some affiliates back the JCP and at least one quietly supports the centrist Democratic Socialist. Several of its affiliated industrial federations belong to the International Confederation of Free Trade Unions (ICFTU) as well as to various International Trade Secretariats (ITS's) and a few to the World Federation of Trade Unions (WFTU).

Domei backs the gradualist DSP and, unlike Sohyo, is affiliated as a centre directly to ICFTU with several of its major industrial federations belonging to ITS's. While Shinsanbetsu, which is devoted to the principle of pure industrial unionism, and Churitsuroren have no formal political affiliations and have not joined any international body, they in general back Socialist Party candidates. In collective bargaining, however, they join with Sohyo to achieve general wage increases and benefit improvements.

Still another significant national group is the International Metalworkers Federation-Japan Council (IMFJC), which although not strictly a national labour centre, has been since the early 1960's a collective bargaining coordinating body for industrywide federations which relate to the IMF. It includes the iron and steel, automotive, shipbuilding, electrical products, and metals and machinery federations. Cutting across national centres, IMF-JC in June 1978 claimed 1,877,000 members in its

affiliates, all in the private sector.

There are various opinions concerning the restructuring of organized labor. One serious proposal would unify unions in the private sector first and then eventually attempt to merge them with public sector unions. Various planning bodies have been formed for this purpose, but as yet few results have emerged.

Enterprise unions are basic organizational units and tend to retain final power in collective bargaining with employers. Political strategy is left largely to the national centres and federations. Thus, for industrial matters, organized labor is decentralized with considerable autonomy and a high degree of democratic practice at the enterprise union level. Typically, an enterprise union includes all nonmanagement employees and foremen in a company or enterprise. It makes few distinctions between white collar and blue collar members. Since it tends to be well financed through compulsory dues, checkoffs, and union shop provisions, its staff is usually ample to service union members.

Employer Organizations. Large corporations have long established organizations for dealing with labor and industrial relations. In the prewar era, such firms, collectively known as the Zaibatsu, formed Zensanren, the National Confederation of Industrial Associations, which in the 1920's and 1930's successfully opposed legislation to recognize trade unions. Its postwar successor is Nikkeiren, founded in 1948 during the height of the unionizing drives. Nikkeiren is the chief employer spokesman in all labor matters, industrial and political, domestic and international. It is a central body for 97 industrial and regional employer associations. Its members include almost 29,000 enterprises with more than 10.3 million employees in both the private and public sectors.

Nikkeiren and most of its affiliated associations do not engage directly in collective bargaining, but function primarily to formulate general guidelines for employers, develop positions on legislation, provide employer representation in government bodies, undertake research, furnish educational and consulting services, and carry on public relations activities. It is affiliated with the International Organizations of Employers and nominates employer representatives to the ILO. While Nikkeiren pronouncements gain considerable attention, individual employers are not bound to them and at times, especially in the annual collective

bargaining rounds, reach settlements that depart from Nikkeiren's position.

Several other important national employer associations occasionally speak out on labor matters. Keidanren, Federation of Economic Organizations, roughly paralleling Nikkeiren in structure, is the voice of big business on all policy matters other than labor relations. Nissho, the Japan Chamber of Commerce, is active mainly in the areas of international trade and the problems of small-and medium-size companies. Within it is a section for labor policy, primarily for small firms.

Keizai Doyukai, the Committee on Economic Development, enlists individual business executives who are concerned with a broad range of economic policy issues, including labor relations, and at times takes public positions somewhat less conservative than either Nikkeiren. None of these organizations directly engages in collective bargaining.

Labor-Management Relations. Voluntary collective bargaining was a major reform initiated during the Allied Occupation. In June 1978, more than 51,000 collective bargaining agreements were in effect, almost all at the enterprise level. They covered at least 9 million workers. About 7,800 of these agreements, covering close to 950,000 workers, merely repeated provisions already stated in the LSL. Almost 11,000 unions, with a membership of about one million, had concluded no agreements even though legally eligible to do so.

Only a handful of agreements are made on an industrywide or multiple employer basis (e.g., shipping, textiles, private railways, and, at one time, coal mining). The overwhelming tendency toward enterprise-oriented collective bargaining arises from the interest of workers in their careers and welfare within the single company. Only under most unusual circumstances will these workers be laid off. Arbitrary discharge often gives rise to intense labor-management disputes.

Moreover, employers often express feelings of responsibility and obligation for the well-being of their regular workers and appear willing to accept unionism within the enterprise. Rarely do representatives of industrywide labor federations or national centers participate directly in labor-management negotiations at the enterprise level.

Deeply concerned over enterprise unionism as a bar to labor unity and collective bargaining strength, the national centres and many of their affiliated union groups have developed

strategies to coordinate and broaden enterprise-level collective bargaining without alienating their enterprise union adherents. The most dramatic of these has been the annual *shunto* or spring struggle, led mainly by Sohyo and Churitsuroren.

Originated in 1955, *shunto* aims at mobilizing as much of organized labor as possible, during the period from March to May each year, to secure a nearly uniform annual increase in wages and benefits for all workers. This is the beginning of the fiscal year (April 1) when most companies hire school graduates to become new regular workers. Following announcement of the goals of the *shunto* weeks in advance, the leadership sets a schedule of waves of walkouts, industry by industry, each of which may last for a few hours to several days while collective bargaining proceeds. Although no general strike occurs, at times the successive stoppages, particularly in the transportation industry, approach such a scale.

While in recent years as many as 10 million workers have participated in *shunto* strikes and demonstrations, they have become shorter and less politicized. Usually a "key" bargain is soon struck with a leading industry, such as steel or the private railways, which then becomes the basis for a general pattern of settlements not only throughout the unionized sectors but also for the economy as a whole. Actual settlements are compromises between initial positions of management and unions and in fact differ from enterprise to enterprise.

As the subject matter of collective bargaining has expanded, notably involving hours of work, retirement, pensions and allowances, wage structures, minimum wages, safety and health, and employment security, the *shunto* leadership has attempted to shift the focus of the annual campaign from the sole issue of wage increases to the broader questions of social welfare, economic policy, and quality of life. So far, however, the "people's shunto," as it is called, has had only mild success, probably because basically the ultimate focus in collective bargaining remains at the individual enterprise level.

In addition to *shunto*, substantial bargaining activity occurs at other times of the year, although the outcome of *shunto* itself will affect later negotiations. Similar waves of bargaining occur in early or midsummer over annual or semiannual bonuses, although less uniformity has been achieved on this issue. Many general agreements, limited by law to 3 years, come up for renewal in the fall, and may deal with such matters as union

rights, retirement allowances, pension plans, work force adjustments, and other nonwage items.

Another round of bargaining comes in December to determine year-end bonuses. Added to these are nonseasonal negotiations as specific issues emerge, such as personnel retrenchment induced by technological change or alleged arbitrary treatment at specific enterprises or workshops.

One of the notable developments in recent years has been the establishment of labor-management consultative councils within enterprises, a movement instigated by the Japan Productivity Center. Many councils are established by union-employer agreement. They serve primarily as communication channels between management and workers and often discuss questions such as productivity improvement, production planning, personnel development, and safety and health.

Councils do not normally engage in negotiations but in some cases they dispose of labor-management issues and worker grievances that might otherwise become subjects of collective bargaining. Where unions are present, the worker members of the councils, even though separate from the union, are usually enterprise union officers. Except in a few isolated cases, codetermination schemes on European models have not met with favor here.

Labor-management disputes occur more frequently than is commonly recognized. Work stoppages (4 hours or more) result in work days lost per 1,000 employees at about one-third the level in the United States and close to that in France. The figure rises and falls depending on business and labor market conditions and varies considerably by industry.

Currently strikes are at a low ebb receding from a high point of 5 years ago. From 1970 to 1977, the number of disputes per year ranged from 1,712 to 5,211, and workdays lost from 1.518 million to 9.663 million. *shaunto* walkouts account for much of the strike activity.

VIII

SYSTEM OF CONCILIATION AND ARBITRATION OF LABOUR DISPUTES, the heart of New Zealand's Industrial relations.

The heart of New Zealand industrial relations is the system of conciliation and arbitration of labor disputes, first introduced in a law of 1894. Though amended several times, its basic provisions have survived for over 80 years.

In the 1890's, New Zealand was predominantly a pastoral society, pursuing a policy of unionization and collective bargaining patterned after the British system. A wave of strikes, first in the meat processing industry, and then spreading to others, notably mining and transport, caused a near paralysis in economic activities. It left trade unions defeated and dispirited. The Government, already actively involved in the development of the economy, then felt forced to assume the additional responsibility of guiding labor-management relations. It did this by encouraging effective organizations of labor and management and by introducing judicial procedures for determining wages and working conditions. The registration of employer and union organizations and machinery for conciliation and arbitration furthered this twofold purpose.

An Industrial Arbitration Court composed of five members, one judge, two members nominated by the employers' federation, and two by the New Zealand Federation of Labour, oversees the Industrial Tribunals which have been set up for both public and private sectors and for agriculture, airlines, and the waterfront. Each Tribunal has three members, one judge and one representative each from labor and management.

Administrative procedures are simple. When labor-management negotiations break down, either party can file a

claim with the Industrial Arbitration Court. Conciliation will be tried first ; some 80 percent of all claims are settled in that way. Disputes which cannot be conciliated go to arbitration for a binding decision by the Tribunals.

A distinction is made between conflicts of interests (economic) and conflicts over rights, i.e., those arising over interpretation of collective agreements or awards. The full five-member court will deal only with economic disputes, usually acting only after negotiations between labor and management have failed. In either case the courts will issue binding awards.

If a dispute is settled through conciliation, the agreement is binding on the parties to the dispute only. A dispute settled by arbitration will, as a rule, cover a whole industry in a given locality, including employers and employees not parties to the proceedings. It is thus common for the parties to move from conciliation to arbitration in order to secure an award, though the matter may already have been settled in conciliation.

The Industrial Arbitration Court also issues General Wage Orders. The law requires the Court to review rates of pay at the request of either the Emyloyers' Federation or the NZFoL. Guidelines, set forth in the Act, call for a just and equitable decision and for consideration of the need for exports, the impact on employment, inflation, and on economic stability.

General Wage Orders fix minimum wages only and apply to everybody. Their major purpose is to make adjustments for the rise in the cost of living. In July 1978 the Arbitration Court ordered an increase of 7 percent in minimum wage rates.

The General Wage Order Act was replaced in August 1979 by the Remuneration Act, which in addition to providing a 4.5-percent increase for most wages, beginning September 3, also gave the Government powers to intervene in "excessive" wage settlements whether part of collective agreements or based on decisions of the Arbitration Court.

The Government claims the new provisions will strengthen free bargaining; unions consider them possible forerunners of wage controls.

The Industrial Arbitration Court has the authority to make a Standard Wage pronouncement establishing differentials between various crafts. The court will do so, usually, at the joint request of labor and management. Though not binding, such pronouncements indicate, how the court would rule if an award were requested.

Enforcement of awards has been a never ending problem. Strikes over economic diputes are forbidden as long as proceedings are pending, either for conciliation or arbitration. Strikes over rights constitute a breach of contract and are illegal. Penalties for violations have been strengthened or loosened over the years, depending on which political party was in power. In practice, enforcement of penalties often is no help in solving a dispute or in promoting constructive labor relations.

In "essential" industries prior notice must be given for strikes. Ths "essential" category covers 16 industries, including all forms of transportation. Strikes over "nonindustrial" matters are outlawed through an amendment to the Commerce Act. These are defined as issues beyond the scope of settlement by labor and managements. and those intended to eserce the Government of New Zealand.

Fines may be imposed on the parties or individuals involved in illegal strikes.

Collective bargaining, though overshadowed by compulsory arbitration, is still important since awards by industrial tribunal establish only minimum conditions and do not foreclose the possibility of supplementary arrangements at the plant level. Both awards and collective agreements tend to be narrow; covering often only wages, hours of work, provisions for sickness and maternity leave, annual vacations and, more recently, lay-offs. Contracts usually run for 1 year; their validity is restricted by law to a maximum of 3 years.

Between 1971 and 1977, wages and prices were subject to various statutory controls. However, the controls have prevented neither inflation nor strikes.

Industrial Relations Council. This tripartite body is chair ed by the Minister of Labour, and provides a forum for discussing manpower and industrial relation problems. It has 22 members: the Minister and Secretary of Labour, and 10 members each, nominated by the central organization of labor and management. The Council meets once a year but has established a subcommittee, the Consultative Committee on Employment Policies, which meets more frequently on current problems. In August 1979 the New Zealand Federation of Labour voted to discontinue its membership in the industrial Relations Council, charging the Government with repeated failure to consult with the Council.

There have been steps towards labor-management co-

operation in joint decisionmaking in industry. Government, labor, and industry have endorsed the cencept of industrial democracy. A government survey revealed significant experimentation with autonomous work groups in estabiishments with fewer than 100 employees, whereas larger companies are concentrating on programes to broaden workers' participation in decisionmaking. The employers' federation has published a guide for employee involvement in decisionmaking at the workplace to improve job satisfaction.

The State Service Conditions of Employment Act regulates collective bargaining, union jurisdiction, and settlement of disputes in the public sector. Bargaining is centralized. Unions are represented by the Combined State Unions; the Government, by the State Services Coordinating Committee, composed of the heads of employing authorities in the state services. Intraservice issues are handled at the agency level, for example, between the Director of the Post Office and the Postal Service Association.

The armed forces are excluded from collective bargaining.

The scope of bargaining in the public sector goes beyond salaries and employment conditions into areas of management decisionmaking. Pay rates are reviewed annually; adjustments are made in line with surveys undertaken by the Department of Labour. Pay scales must reflect changes in the cost of living as well as requirements for staff recruitment and retention.

General wage orders, issued by the Industrial Arbitration Court, apply to the public sector. A Public Sector Tribunal acts on interservice disputes. Single service tribunals deal with disputes limited to one agency. Prior notices must be given of any intended strike.

Labor Organizations. Between 1936 and 1961, union membership was compulsory in New Zealand, pursuant to decisions by the Industrial Tribunals, operating under the Conciliation and Arbitration Act. This requirement was discontinued in 1961. Some provision for union security, however, is still in many collective agreements. Workers who object to union membership on religious or other grounds are exempted. Nevertheless, they must pay an amount equal to union dues to some union charity.

Unions and employers in New Zealand are offered an opportunity to register with a government registrar. Registration is optional but brings advantages not available to others, including:

Access to government mediation, conciliation, and arbitration machinery, if negotiations between labor and management fail to bring about an agreement;

Ability to secure an "award," equivalent to an enforceable collective agreement. The award also covers employers and employees not party to the proceedings;

Obtaining exclusive jurisdiction over a group of employees;

Protecting union officers against discrimination because of union activities; and

Some form of union security.

For these reasons the overwhelming majority of unions and employers have registered.

Registered unions and employers must:

Refrain from any work stoppages during the term of a collective agreement or award;

Submit to the government registrar copies of their constitution and bylaws and accept any changes he might demand;

Adopt democratic procedures for the election of union officers and the imposition of union dues and assessments. The Government may, if it wishes, supervise elections in labor and management organizations; and

Accept limits on the amounts of initiation fees and dues charged to union members.

Registered unions, or employers, failing to observe the obligations and restrictions imposed by law or the Registrar, may be deregistered. This has rarely happened.

In 1979, 234 unions with approximately 621,000 members were registered. In 1976, about 220 employers' organizations, representing 36,167 employers, were also registered.

Registration procedures are simple. For unions a minimum membership of 30 is required. For employer organizations only 6 members are needed. The system favors small unions, offering little encouragement for mergers. Once a union gets an award from an Industrial Tribunal, its jurisdiction is protected. The Registrar can refuse to register a union if, in his opinion, the workers may conveniently belong to another union already registered. Such power is seldom used.

Union structure is fragmented; craft unions function along industrial union lines. Unions with fewer than 100 members are common. Also, membership dues are low limiting the services unions can render.

The principal trade union organization is the New Zealand

Federation of Labor (NZFoL). It has 209 affiliates with a membership of 416,000.

The highest authority of the NZFoL is the annual conference of delegates from affiliated unions. Between conferences business is conducted by the National Executive Committee and the National Council. The Executive Committee is composed of the President, Vice President, and Secretary, with six members elected by the annual conference. The National Council is composed of the members of the Executive Committee and one representative from each of the 20 local area trade councils. The latter are local councils of the NZFoL to which all local unions and branches of unions affiliated with the federation may belong. They meet once a month to carry on the local business of the federation and, depending on local leadership, at times play an important part in determining national union policies.

The most important functions of the NZFoL are preparing and presenting requests for wage claims before the arbitration court; representing labor on various government and quasi-government agencies; speaking for labor on national issues. The NZFoL does not engage in collective bargaining; that is left to the affiliated unions.

In the public sector the most representative federation is the Combined State Union (CSU). It has 22 affiliates with an estimated membership of 180,000.

Unions in the public sector are, on the whole, well financed and staffed, able to serve their affiliates on all matters affecting working conditions. They maintain vacation homes in resort areas, operate consumer cooperatives and credit unions, and provide educational and welfare benefits. Their strength arises in part from the fact that their membership includes civil servants of the highest ranks.

Other nonaffiliated unions are: Bank Officers Union and Journalists Union.

The NZFoL and the New Zealand Labour Party work together on many issues and pursue independent policies on others. Assessment of contributions from union members for political purposes requires membership approval in a secret ballot.

Employer Organizations. Employer organizations, like unions, have the option of registering and thereby gaining access to the Government's conciliation and arbitration machinery. If they do, they must refrain from lockouts during the period of validity of a collective agreement or award.

The New Zealand Employers Federation is the principal organization of management. It has organizational as well as individual membership. The Federation has four regional divisions, plus a National-North-and-South island organization.

In contrast to the NZFoL, the employers' federation does engage in collective bargaining for employers. It has a well staffed research and publicity department. It represents management before the Industrial Arbitration Court and, like the NZFoL, is represented on numerous statutory and ad hoc administrative bodies, dealing with, for example, immigration, vocational training, safety, and technology.

The Associated Chambers of Commerce deals primarily with trade matters without getting involved in union negotiations Most cities and large towns have a chamber of commerce. Through their Association they are presented on the General Council, established by the employers' federation, to coordinate employers' policies and strategies. The commercial interests of employers are also taken care of by a number of trade associations such as the Manufacturers' Association, Hotel Association, Road Carriers, Retailers, Master-builders, and Meat Industry Association.

The Manufacturers' Association is the largest, with some 50 affiliated organizations. Its main concerns are tariffs, exports and imports, and promotion of trade.

Labor Standards

Legislation. New Zealand's social legislation covers conditions for workers in factories, coal mines, shops, offices, and shipping, as well as merchant seamen, agricultural workers, bush workers, and shearers. Special legislation covers employees in government services, railways, post offices, police services, and hospitals, as well as dockworkers.

Factories Act. This law establishes a 40-hour, 5-day workweek. Employment of young people under 16 requires approval by the Inspector of Factories.

Holiday Act. A minimum of 3 weeks' annual paid vacation for all employees is provided by law, in addition to 11 paid public holidays.

Minimum Wage Act. Administrative procedures have been established to set minimum wages only for workers under 20 years of age. As of March 1977, minimum wages amounted

to NZ$ 12.89 per day or NZ$ 64.45 per week. Mostly, however, wages are set either by collective bargaining, by industrial tribunals, awards, or by general wage orders. As a rule, they are all higher than those fixed under the Minimum Wage Act.

Department of Labour. The New Zealand Department of Labour has many important functions:

Provides a complete employment service to promote full employment;

Inspects and oversees the observance of all relevant labor legislation under any order or regulation administered by the Department of Labour, including observance of awards and industrial agreements issued under Conciliation and Arbitration Act;

Collects and publishes information relating to employment, and unemployment, wages, etc.;

Makes surveys and forecasts on manpower resources and requirements;

Arranges for the selection, transport, and accommodation of immigrants;

Is responsible for the prevention of accidents in industry; and

Reports annually to Parliament on its activities.

Social Security

New Zealand's social welfare system covers sickness, accidents, old age, invalidity, and unemyloyment. It provides family allowances and death benefits. It is financed largely from general taxation. For this reason, benefits, with some exceptions, are tied to a means test. Cash benefits are on a flat rate. The system has incentives for self help and work.

Workmen's Compensation Act. Cash benefits for injuries are provided regardless of fault or cause. Compensation is paid for disability and loss of earnings. Reimbursement is at the rate of 80 percent of normal average earnings with a minimum of NZ$240 per week. Reimbursement is made for medical and hospital costs, nursing services, and other reasonable expenses. This programme is financed through taxes paid by employers, and by general taxation.

Medical Care. Doctors' care is free as are prescription drugs and treatment in public hospitals. Private hospitals qualify for payments from the Government but may also collect addi-

tional fees from patients. Cash benefits are at a flat rate and are routinely adjusted to match changes in the cost of living.

Unemployment Benefits. After the seventh day payments begin and continue for the duration of unemployment or until the beneficiary becomes eligible for another benefit, e.g., an old age pension. Payment of unemployment compensation is tied to a means test. It may be paid at a reduced rate if the unemployed person or his wife has income above the allowable maximum.

Family Allowances. Family allowances are paid regardless of family income. $NZ3 per week are paid for every child until the age of 16, or, if continuing full time in school, until 18. The Home Ownership Act allows a "capitalization" of family allowances. Up to one-half of the allowances, from birth to 16 or 18, will, on request, be paid in advance. This can be done only if the money is used either for the building or purchase of a home, an addition to a home, or payment of a home mortgage.

Old Age Pensions. Everyone at age 60 receives a pension, without a means test. The only condition is a minimum of 10 years' residence in New Zealand. Pensions for married couples amount to about 80 percent of the average weekly wage. They are adjusted every 6 months.

National Goals

Goals of New Zealand, as formulated by the New Zealand Social Development Council, a planning and advisory body responsible to the Minister of Social Welfare, composed of public and private members, are a society where:

Each person has access to employment and vocational opportunities which are satisfying and within his or her capabilities.

Each person has the maximum opportunity to be as physically and emotionally healthy and fit as his or her potential allows, and has ready and adequate access to necessary health and social welfare services.

Each person has equal and effective access to opportunities to acquire knowledge, skills, and attitudes which will enable the development of the person and of his or her contribution to the well-being of the community.

Each person or family group is housed adequately according to their needs, in keeping with currently accepted stan-

dards.

No person has his or her participation and enjoyment in the community restricted by an inadequate income.

The hazards of injury, accident, and crime are kept to a minimum, and each person has adequate access to due process of law and equal rights before the law; is aware of his or her obligations under the law, and does not experience any avoidable hardship through being the victim of enjury, accident, or crime.

Each person has the right to leisure and the opportunity to participate in leisure-time activities including social, intellectual, artistic, cultural, and physical pursuits.

Each person has the opportunity to participate in community decisionmaking and is encouraged to accept his or her responsibilities to the community.

IX

Importance of Trade Unions to Politico-Economic life in NORWAY

Lobor Organizations. Trade unions, the strongest nongovernmental organizations, are important to Norway's political and economic life. An estimated 53.5 percent of the labor force is organized. Of those 70 percent belong to unions affiliated with the Norwegian Federation of Trade Unions (LO). Thirty-six national union federations with a membership of 692,209 belonged to the LO in 1977.

LO's structure is centralized. LO determines basic policies of its affiliates, including wage demands. It has the final say on the content of collective agreements, on disputes with management, and on the resort to strikes or other industrial action. Wage demands are considered in relation to national economic goals, principally full employment, exports, and improvement of living standards. Affiliated unions retain control over their internal affairs and over grievances.

The Central Organization of Professional Union Federations (YS) has about 78,932 members, employed mostly in central and local government, health, insurance, banking, nursing, transport, education, and the military service.

Other independent federations are the teachers union with 38,223 members, the nurses association with 23,480, and the National Confederation of Government Employees and Civil Servants with 25,425 members.

The independent unions are politically neutral, but the LO has been allied to the Norwegian Labor Party since the beginning of both organizations at the turn of the century. For many years the LO and the Labor Party were represented at each other's executive council meetings. This arrangement ended when the Labor Party split into three factions. Unions continued to have a voice on the Central Committee of the Labor Party, and traditionally at least one union official serves in any cabinet formed by the Labor Party. At election time unions contribute to the party's campaign fund. There is no legal restriction on using union funds in political campaigns.

The LO maintains contacts with other labor-oriented organizations, often having controlling influence, such as the Workers Education Association, the National Press Association, the Workers Temperance Society, the Christian Workers Society, The Workers Health Organization, the Workers Travel Organization, and the Consumers Cooperative Society. The latter operates 800 retail societies, doing 10 percent of the retail trade in the country.

The Government consults regularly with union leaders on legislative and administrative questions.

Unions are active in community affairs, serving on school and hospital boards, town councils, housing and welfare agencies, and recreational and cultural organizations. Unions own 40 newspapers, either solely or jointly with other labor organizations.

Although the constitutions of the LO and those of most of its affiliates include a commitment to nationalize industry, little has been done to implement it. In fact, only public utilities and a few German enterprises taken over after World War II, are publicly owned.

Employer Organizations. The Norwegian Employers Federation (NAF) is the principal organization representing management and negotiating collective agreements with trade unions. An estimated 9,089 enterprises belong to NAF which has strict control over its affiliates. Employers, or associations of employers, must have NAF approval before signing collective agreements, staging lockouts, or taking other measures against workers. NAF maintains a sizable fund to support employers involved in strikes or approved lockouts.

NAF maintains extensive research and publicity departments. It sponsors training programmes for foremen, technicians,

other supervisory personnel, and management. Like its counterpart, the LO, NAF is consulted by Parliament and the Government at every level of decisionmaking. Special departments deal with law, economics, statistics, socio-political affairs, technological change, data processing, Public relations, and the press.

The Federation of Norwegian Industries is an organization of trade associations dealing mostly with exports, imports, and related trade matters. Other employer organizations are the Norwegian Shipping Federation, the Agricultural Employers Association, and the Commercial Employers Association. The last includes retail and wholesale firms, auditors, and lawyers.

Collective Bargaining. Mature employer-employee relations characterize the Norwegian industrial relations system. The legality of collective bargaining was affirmed in the Labor Disputes Act of 1915. The "Basic Agreement," signed in 1935 between the major organizations of labor (LO) and management (NAF), spells out their relationship, including procedures for collective bargaining, rights of unions, role of shop stewards, grievance procedures, checkoff of union dues, election of works councils, advance notice of intended strikes or lockouts, and related matters.

Provisions of the basic agreement have been incorporated into every agreement between the affiliates of LO and NAF, thus standardizing working condifions for all enterprises, organized or unorganized.

Collective agreements are usually negotiated nationally, or industrywide. They run for 2 years. Local negotiations are rare. A vote on ratification of union agreements by the members is customary.

Wages. In 1977, production workers in manufacturing averaged 32.91 NKr an hour, or US$6.18 at the average exchange rate for the year. Supplementary benefits amounted to 40 percent of earnings, bringing total compensation to 45.90 NKr per hour (US$8.62).

Cost of living wage adjustments are now common. Some contracts allow the reopening of negotiations on wages if the consumer price index rises a specified number of points.

In 1977 and 1978 the Government joined in the annual wage negotiations between labor and management, counselling moderation of wage demands and promising to continue food

subsidies and moderate the tax rates in Norway's progressive income tax. Prices were frozen as of April 1977. In that month the Government devalued the kroner, a step followed by further realignments of the currency in August 1977 and February 1978.

In September 1978 the Government, with the consent of the trade union federation, ordered a wage and price freeze to the end of 1979. The wage freeze applied to all wage earners, farmers, fishermen, and pensioners. Minimum old age pensions, however, are exempted from the freeze.

Real wages rose during 1975 and through 1977 but remained basically unchanged in 1978.

Strikes. Strikes or lockouts are infrequent in Norway. They are forbidden by the basic agreement during the life of a contract. Violations are punished through the assessment of damages either against the union or the employer federation or against individual employers or employees. Mediation machinery is available but seldom used. The voluntary referral of a dispute to the National Wage Committee is more frequent. A coolingoff period is required before any industrial action is taken. If a strike threatens "vital interests," Parliament may refer the dispute to the National Wage Committee for compulsory arbitration.

Public Employees. Public employees have the same right to organize, bargain collectively, or strike as employees in private enterprises. However, agreements between unions and public officials must be approved either by Parliament or a municipal or county council.

Labor-Management Cooperation. Bargaining between labor and management is often superseded by tripartite bargaining, with the Government joining negotiations. A "Contact Committee" composed of representatives from management, labor, agriculture, fishermen, and Government serves as a forum for discussing economic policies and reviewing the impact of wages and price developments on trade, the cost of living, and full employment.

Tripartite cooperation is common in other areas. For example, LO and NAF have jointly established an Information and Development Fund to train shop stewards, managers, and employees on problems of technological change. The purposes are to raise productivity and to promote constructive relations within the enterprise. The fund is financed by a tax of NKr 0.50 per week per employee, deducted from the workers' pay checks and

a 0.20 percent payroll tax paid by employers. The National Insurance Institution administers the fund; actual control rests with a board composed of labor-management representatives.

Labor and management have cooperated in work humanization. LO and NAF have set up a joint committee for research and development for industrial democracy. Assisted by the Norwegian Institute for Social Research, the committee sponsors practical experiments on the shop floor dealing with job monotony and assemblyline work. The committee examines production processes and pay procedures trying to establish requirements of a work organization meeting basic needs of workers; some diversity on the job, some opportunity to learn, a minimum of decisionmaking, and some recognition.

A handbook, "Experiments Concerning Organization and Cooperation Within Undertakings," published by the NAF and LO, provides information on how to start joint programmes on Industrial democracy and work humanization.

Labor Standards

Legislation. Working conditions are set primarily by collective agreements. The right of workers to organize and to bargain collectively is accepted as essential to democratic industrial relations.

The 1915 Labor Disputes Act forbids strikes or lockouts over the interpretation of contracts. Such disputes: disputes over "rights"—must be taken to labor courts for binding decisions. Conflicts over economic issues--disputes over "interests" —must be submitted to mediation before strikes or lockouts are allowed.

Labor disputes in the public sector are regulated by the Public Service Disputes Act. Public employees have the same right to bargain collectively as employees in the private sector. They are subject to the same limitations on the right to strike.

A National Wage Committee deals with breakdowns in negotiations on economic issues. It can act where disputes have been voluntarily referred to it by the parties or the Government. Its decision has the force of a collective agreement and is binding on both parties. The committee is composed of seven members: three neutrals, one permanent member each from labor and management, and one ad hoc member from each of the two organizations immediately involved in the dispute.

Labor Ministry. Major administrative and regulatory responsibility for labor matters is lodged with the Labor Department of the Ministry of Municipal and Labor Affairs. It enforces labor legislation, administers unemployment insurance, and formulates employment policy. The Ministry has national as well as local responsibility.

Labor Courts, special courts of justice, adjudicate disputes over interpretation of contractual or statutory rights.

The administration of social insurance, such as old age, disability, worker's compensation, and family allowances, is in the hands of the National Insurance Institution, supervised by the Ministry of Social Affairs.

Labor Courts are composed of seven members: a chairman, two public members, and two members each from labor and management. All are appointed for 3 years by the Government.

The Mediation Agency has a chief mediator and eight district mediators, appointed by the Government for 3 years.

Occupational Health, Safety, and Welfare Laws. The Employment and Domestic Servants Act prescribes a minimum age of 15 and a written contract for employing a domestic. Working hours must not exceed 9 a day. The beginning and end of day, wage rates, days off, and compensation for overtime must be stated in the contract, as well as provisions for sick benefits and dismissal notice. The Labor Inspection Council is empowered to settle disputes and set standards of pay.

The Equal Rights Act of 1979 forbids discriminatory treatment of males and females in all fields, particularly in hiring, promotion, and dismissal. Exceptions are made for "affirmative action" programmes to strengthen the position of persons previously discriminated against.

The Joint Stock Companies Act deals with employee representation on management boards. In companies with more than 50 employees, one-third of the board members may be elected by employees. In companies with more than 200 employees the Act requires the establishment of an assembly, one-third elected by employees, two-thirds by shareholders. The assembly elects a board of directors having final authority on investments, technological changes, work organization and any other matters affecting the labor force to a "significant degree."

The Work Protection and Working Environment Act, passed in 1977, is a far reaching piece of labor legislation and social

reform. Its objectives are to assure workers full protection against physical and mental damage at the workplace; to establish sound contract conditions as well as meaningful occupations for each employee; and to provide a system for solving environmental problems within the enterprise, with organization of management and labor participating.

The Act requires employers who want to change technology or the organization of work to consider not only technological and practical advantages but also the impact on employee safety, health, and stress. Work environment committees, composed equally of management and labor, monitor compliance with the Act. One member of the committee functions as a safety delegate with power to halt work considered dangerous.

The Act also provides for:

A 40-hour workweek;
Limits on shift work;
A ban on nonessential night work;
A maximum 36-hour workweek for employees under 16;
One month's advance dismissal notice for all employees and progressively longer notices for those employed more than 10 years in the same enterprise; and
Six months' advance dismissal for workers over 60 years. Employees who consider their dismissal unjustified may file a complaint and continue on the job until labor courts decide the case.

Companies finding it difficult to comply with the Act may obtain tax relief, loan guarantees, or direct grants from the Government.

The Act on Protection Against Bankruptcy assures workers of their wages for up to 6 months if their employer goes bankrupt. Payments are made by the Government.

The Annual Holiday Act requires a 4-week annual vacation for all employees. Workers aged 60 or over are entitled to 5 weeks' vacation.

Social Security

Social insurance provides extensive protection against risks of illness, unemployment, accidents, disability, and retire-

ment. This programme is administered by the National Insurance Institution.

Medical Care. Health protection is available to the entire population including the services of physicians, hospitalization, surgery, drugs, dental care, maternity benefits, hearing aids, home nursing, and periodic health examinations. It is financed by contributions from employers, employees, and the Government. Services are available, irrespective of individual contributions. Sickness benefits are paid from the first day of illness for up to 312 days. Employers pay the first 14 days, the National Insurance Institution the remainder. Maternity benifits, the same as sickness benefits, are paid up to 108 days. Employed parents may each take up to 10 days' paid leave to care for a sick child. Single parents may do so for 20 days.

Unemployment Insurance. Unemployment insurance provides daily cash benefits, relocation allowances, and the cost of vocational training courses. Benefits are paid for a maximum of 40 weeks during 1 benefit year, except to persons over 64 who may receive benefits until their old age pensions begin.

Pensions: Old Age or Retirement Pensions are of two kinds: a basic pension at a flat rate the same for everybody, and a supplementary pension related to years of service and income. Married persons received additional benefits for spouses and children. Retirement age is 67, except for seamen who may retire at 60, and fishermen and forestry workers who may retire at 65. As of January 1979 basic pensions amounted to 15,200 kroner per year; minimum total pensions for single persons were NKr21,780 per year; and for married persons, if both of retirement age, they were NKr35,406 per year. Generally, retirement income amounts to approximately two-thirds of pre-retirement earnings.

Disability Benefits. Disability insurance covers rehabilitation costs, nursing home care, domestic help, and special services needed. For occupational accidents insurance covers medical costs, drugs, cash benefits, and pension if the earning capacity of the insured has been reduced. If the disability is less than 30 per cent, a lump sum is paid. Disability pensions end at age 67, when the disabled person is covered by an old age pension.

Family Allowances. Family allowances are paid to anyone who has to support a child under 16. As from January 1, 1979 annual allowances amounted to NKr804 for the first child;

NKr2,832 for two children, NKr5,880 for three children; NKr9,204 for four children; NKr12,816 for five children; and NKr3,612 for each additional child. Family allowances are financed from government funds.

Severance Pay. Severance pay, tax free, must be paid to workers over 50 years old if they lose their jobs for technological, structural, or other changes in the work organization. The objective is to protect older workers and lessen opposition to technological innovations. An agreement on severance pay was negotiated between the labour organizations (LO) and management (NAF) and is administered by the National Insurance Institution.

To qualify for severance pay employees must have worked in the same enterprise for 10 years immediately prior to their layoff notice, or more than 20 years, with interruptions lasting no more than 5 years. In 1978 severance pay amounted to between NKr4,500 to 11,000, depending on the employee's age. The plan is financed by a 0.11 per cent payroll tax paid by employers. A special board composed only of members of LO and NAF supervises the plan.

X

Trade Unions a most respected specie

in

SWEDEN

Labour Organizations. Sweden has the highest union membership, proportionally, of any country. An estimated 95 per cent of manual workers and 75 per cent of white collar employees belong to unions. Unions organize the police, military, and clergy. The three major union federations are:

* The Confederation of Swedish Trade Unions (LO) which has 25 affiliates and 2,018,000 members;
* The Central Organization of Salaried Employees (TCO) with 24 affiliates and over 1 million members; and
* The Swedish Confederation of Professional Associations (SACO) which has 26 affiliates and about 200,000 members.

The LO, a highly centralized Industrial union federation, includes both blue and white collar workers. It may enter into collective bargaining negotiations of any of its affiliates and provide guidance and suggestions for the solution of critical issues. If a strike threatens and more than 3 per cent of the members of an affiliated union are involved, the strike must be sanctioned by the LO. The affiliated unions have comparable powers over their constituents. While members of local unions are consulted in the formulation of union demands prior to the beginning of negotiations, there is no tradition of seeking membership ratification of the final agreement. Votes to strike are only advisory.

LO is committed to an egalitarian wage policy, a narrowing of wage differentials between low and high wage earners as well as between low- and high-paying industries.

TCO, the union of salaried employees, is a decentralized federation, with most responsibilities lodged in its affiliated unions. TCO does not engage in collective bargaining but functions primarily as a coordinating and information agency. It works with LO on raising the pay of civil servants, work humanization, security of employment, and tax policies. Unlike the LO it opposes an egalitarian wage policy for fear it would distort classification systems built up over many years.

SACO's membership is comprised of professionals, including practicing lawyers, physicians, dentists, and university students. It is organized on craft lines. Affiliates vary from 20,000 members to some with no more than 30. SACO is more centralized than TCO and has the power to order its affiliates to strike. It, too, opposes the LO's egalitarian wage policy and is more aggressive than the two other union federations in demanding income tax reductions.

Swedish trade unions are respected in Swedish society. They seek social, political, and economic democracy. They participate at all levels of decisionmaking, national and local, and share in the administration of laws. Whereas TCO and SACO are nonpolitical, the LO is closely related to the Social Democratic Party. It works intimately with the consumer cooperative and housing movements.

A local of the LO may affiliate with the Social Democratic Party on behalf of all its members. Individual members who do not wish to affiliate with the union's choice of party may "contract out," but few do so. About 75 per cent of the membership of the Social Democratic Party comes through union affiliations. A joint party-union committee coordinates policies.

All three federations maintain extensive facilities for education, information, recreation, culture, and travel. They insure their members against accidents, disability, and death The LO owns the second largest newspaper in the country, *Aftonbladet*. Several provincial newspapers are owned by local unions.

Employer Organizations. The principal management organization is the Swedish Employers' Confederation (SAF). It is a composite of 35 employers' federations as well as of many individual companies. Highly centralized, it is the management counterpart to the union in collective bargaining. Affiliated

federations and cooperatives must submit to SAF all contract proposals received from unions as well as their own counter proposals. Final agreements must be sanctioned by SAF. Members of SAF may not lock out their employees unless ordered by a two-thirds vote of SAF's board. Penalties for violations may include payments for damage as well as expulsion from SAF. Employers are reimbursed by SAF for any losses incurred during strike or lockouts ordered by SAF.

The Federation of Swedish Industries, another management organization, does not engage in collective bargaining. It is concerned with questions of industrial production, trade, and other matters of general interest to industry.

Collective Bargaining. The framework for relations between labor and management was set in the "Basic Agreement" signed in 1938 between the Swedish Employers' Federation (SAF) and the Central Union Federation (LO). Both sides promised to:

* Avoid disrupting the functioning of society;
* Substitute mutual cooperation for strikes and lockouts;
* Establish procedures for the peaceful settlement of disputes;
* Set up procedures for layoffs and firing; and
* Establish a labour market council to deal with disputes which threaten essential public services.

In return for the commitment to refrain from strikes the unions won from management an unconditional acceptance of a permanent institutional relationship.

The Basic Agreement has been fairly well observed over the years by both parties. The pledge to observe industrial peace has been incorporated into binding agreements between the affiliates of SAF and LO. In subsequent years LO and SAF have negotiated additional agreements on safety measures, job security, vocational training, works councils, protection of women at work, and technological change. At its September 1977 Congress, SAF called for joint labour-management responsibility for economic growth, less government intervention, and sharing of decisionmaking to promote productivity and job satisfaction.

The pivotal fact about collective bargaining in Sweden is its centralization. Wages and other working conditions are first

agreed upon by the central organizations of labour and management, before contracts are signed by the affiliates of both federations.

As a rule contracts are industrywide and both the organization of labour and management have committed themselves to see that the central agreements are adhered to fully in collective bargaining by their affiliates. Nevertheless, bargaining of affiliates often goes beyond the terms negotiated by the central organizations, leading to wage "drift," a term used to describe agreements over and above those provided for in collective agreements.

The binding force of collective agreements was established as early as 1915 and their enforceability clarified in 1928. In the same year Parliament passed the Labor Courts Act, setting up a special judiciary for disputes arising from the interpretation of contracts. Swedish law distinguishes between justiciable and nonjusticiable conflicts.

The former relate to the interpretation of collective agreements and are handled by the labor courts; the latter deal with disagreements over the terms of a new contract and come under the jurisdiction of the Labor Market Council, set up under the provisions of the Basic Agreement of 1938.

In 1970, labor and management endorsed the recommendation of the EFO report, named after initials of its three authors (Edgren, Faxin, Odhner). It constituted the most thorough analysis of the connection between wages and the national economy. Its basic conclusion was that wage policy should be consistent with central national economic aims: full employment, economic growth, reasonable price stability, more even income distribution, and a positive trade balance.

Since the Swedish economy was almost evenly divided between two sectors, one exposed to foreign competition, the other protected from it, the report concluded that the former rather than the latter should become the "wage leader" in collective bargaining.

More than one-fourth of the labor force works in the public sector for national and local government, railways, postal services, telecommunications, and roads. A National Collective Bargaining Office negotiates for the national government with blue and white collar unions. Agreements currently cover over 430,000 employees in almost 100 government agencies.

The Collective Bargaining Board for State Enterprises

negotiates with unions for the nationalized industries. Municipalities have formed an Association of Local Authorities and counties have joined together in an Association of County Councils. Both bargain with unions on working conditions, and although they lack authority to commit municipalities or counties, agreements are invariably honoured.

A number of experimental programmes have been tried to apply democratic decisionmaking to the public service and to reduce the areas of unilateral decisionmaking by public officials. As a consequence the Act on Joint Regulation was extended to the public sector in 1977.

In the late 1960's and early 1970's Sweden was plagued by a rash of wildcat strikes. Though most were short, they shocked leaders of both labor and management. They reflected a dissatisfaction in the plant, also evident in rising rates of turnover and absenteeism and in management's difficulties in recruiting labor for assembly lines.

A 1971 LO report noted ". . . a glaring difference between conditions at work and those outside the plant." Something needed to be done to bring industrial democracy down to the plant level. Finally, labor and management joined in programmes to redesign tools, machines, plants, and the general organization of work to allow workers more variety on their jobs, more discretion on how to do the job, and more opportunities for advancement and individual growth.

These programmes include job rotation; job enrichment and enlargement; team work; autonomous work groups; flex time; and the elimination of the assembly line, time clocks and status symbols, such as executive dining rooms, parking places, etc. They also include equalization of working conditions between blue and white collar workers, shared setting and implementation of production goals, less supervision, and decentralized decisionmaking generally.

Labor Laws

Traditionally, the government has intervened as little as possible in industrial relations, leaving the two interest groups to work out conditions through collective bargaining.

Collective Contracts Act—forbids industrial action during the life of an agreement and empowers the courts to settle disputes over "rights" and to assess damages for violations. These may be imposed either on an employee or his union, or on an employer and his association.

Vacation Act—stipulates an annual 5-week (25 days) paid vacation for all employees after 1 year of service. Authorized periods of absence, due to illnesses or maternity leave, are to be counted toward the 1 year of service. Employees are entitled to take at least 4 of the 5 weeks of vacation during June, July, and August, unless special circumstances render this impractical. If employment terminates, the employee is compensated for unused vacation time. Employees may "bank" up to 5 vacation days every year to be used for extended vacations once every 5 years.

Act on Working Hours—limits the work week to 40 hours from Monday to Friday. Maximum overtime allowed is 150 hours per year per worker and no more than 48 hours in any 1 month. An additional 150 hours overtime may be authorized by the industrial relations committee, subject to prior consultation with the trade unions. A tripartite directorate of the National Board of Occupational Health and Safety monitors compliance with regulations on working hours.

Security of Employment Act—limits the rights of employers to dimiss employees. The employer must have "reasonable grounds." If there is disagreement the employee holds his job until the courts decide otherwise. One month's notice is required from both employer and employee on dismissals and resignations. Up to 6 months' notice is required for the separation of employees 45 years and older.

The Act applies to both private and public sectors. Managerial staff and family members are exempted. Union and management organizations may replace or supplement, by agreement, some of the provisions of the Act, but the essential parts are mandatory.

Promotion of Employment Act—requires management to notify county labor boards of any planned cutbacks involving 5 or more employees, to give the board an opportunity to propose alternatives. The Act mandates the establishment of adjustment groups in all enterprises to promote a positive attitude toward older workers, facilitate the employment of older workers, and to assist them in holding jobs. More than 5,000 such adjustment groups are now functioning in Swedish industry.

Shop Stewards Act—designed to strengthen the position of union represenatives in private and public employment. Stop stewards are not elected independently but are appointed by the union.

The Act forbids any discrimination againt shop stewards for the exercise of their duties. The shop steward has super seniority in layoffs. He must be permitted to attend union affairs during working hours. If his duties require it, he must be granted leave of absence. In a dispute between management and the shop steward over interpretation of the Act, the union's point of view prevails until reversed by the courts. However, if the court fails to sustain the union's interpretation of the Act, the union may be held liable for damages.

Some provisions of the Act are optional and may be adapted to local conditions by agreement between management and union.

Board Representation Act—gives employees of firms with 25 or more workers the right to elect two members to the Corporate Board of Directors. The decision to seek such representation rests with the local union, provided more than half of the employees are members and the union has a contract with the employer. The worker's representatives must be company employees. They participate fully in Board decisions but may not take part in matters relating to negotiations with the union, a strike, or other conflict situtations.

Act on Joint Regulation of Working Life (1976)—widen rights of workers to organize and to bargain collectively through organizations of their own choosing by requiring management:

- To provide unions with comprehensive information about the enterprise, i.e., financial, production and personnel policies;
- To seek prior union approval on organization of work and work assignments as well as in hiring and dismissal of employees;
- To refrain from subcontracting work if vetoed by the union, provided such subcontracting is contrary to the collective agreement or otherwise at variance with accepted practices in the industry or trade. In case of a dispute on work assignments the union view prevails until the labor court has ruled on the matter.

The new law requires the working environment to be adapted to human aptitudes and not vice versa. The meaning of occupational health and safety is broadened to include "psychosocial" issues, e.g., job design and related questions.

To implement the law one or more safety stewards must be chosen—by the trade unions—from among the employees at work places where at least 5 persons are employed. In smaller companies the safety steward need not be an employee of the company.

Employers and unions are jointly responsible for the appopriate training of safety stewards.

The Working Life Act supersedes the Conciliation of Labor Disputes Act, the Collective Agreements Act, and fhe Right of Association and Collective Bargaining Act. It reaffirms that the resolution of labor-management disputes should be left entirely to the parties themselves and that the government should limit itself to providing an efficient and mutually respected conciliation machinery and judicial procedures for use by the parties.

Act on Litigation in Labor Courts—seeks to promote consistency in decisions on labor disputes. Those involving disputes between organizations of labor and management are handled by the labor courts, for final decision without appeal. Those involving disputes between individual employees and employers must be tried first in the regular district courts but may be appealed to the labor courts.

Labor courts differ from district courts. They have representation on the bench from management and labor organizations in addition to regular judges.

Claims for industrial injuries or for payment from bankruptcies are generally tried in the respective district courts.

A simplified procedure has been established to speed up adjudication of small wage claims.

If a collective agreement provides for a board of arbitration to deal with disputes, the matter cannot be brought to the labor court.

A newly established Institute for Research on Working Life is carrying out further research on worker participation and job reorganization. It will prepare education and training manuals for use by union officers and shop stewards to facilitate implementation of the new legislation. The Institute is financed by the government. Its work is directed by a board with majority representation from labor and management.

Wages

Collective agreements provide for two types of wages: minimum and normative. Minimum wages are payments according to age and occupational groups; they are the rule in agreements covering private industry. Normative wages are specified wages for certain groups, and may be supplemented for years of service. This type of wage is common in central and local government, as well as in the construction industry and in service occupations. Piece-rate wage systems are included in many collective agreements but have been declining. Incentive wages, i.e., a combination of fixed hourly wages and price rates, are becoming more popular.

Social Security

Sweden's labor legislation is supplemented by a broad range of social services.

Childcare is available free, including services of trained midwives, periodic examinations, confinement in hospitals, consultations at maternity centres, medicines (patient pays first $6), day nurseries (fees based on need), dental care for children up to 16 years of age, and maternity cash benefits at child's birth.

Housing loans are made to engaged or married couples for building new homes or for remodelling, as are loans to buy furniture.

Family allowances are paid for each child up to age 16. Allowances are exempt from income tax.

Public education is free, as are school supplies and school meals. Study grants for colleges cover tuition, lodging, and travel.

Health insurance, for foreigners as well as citizens, covers reimbursements for medical and dental treatment (dental, 50 per cent coverage), for hospitalization, surgery, nursing and convalescence, contraception and abortion, and pharmaceutical costs. Nominal payment of $5 to $10 are required for some services.

Old age pensions begin at 65 and provide roughly two-thirds of the income earned over the last 15 years. They are of two types; a basic pension in a like amount for all persons, financed from tax revenues, and a supplementary pension related to income and financed from employers' contributions. Pension

vary automatically with changes in the cost of living. Workers may retire at 60 or switch to part-time work while receiving a partial pension. They may return to full-time work at any time. The elderly are eligible for housing subsidies: home help, and free admission to old age and nursing homes if they can pass a means test.

Free home help is provided throngh extensively trained aides called "Samaritans." In urban areas Samaritans travel in teams of two or three for regular visits to elderly persons in need of their services. One full-time home helper is available for every 260 elderly persons. In rural areas mailmen are used to report to the municipal social welfare board on isolated elderly people.

The programs for the elderly are comprehensive. They include allowances for family members who may function as home-help aides for an aged relative.

Housewives are eligible for vacation grants to enable them to vacation at a holiday home or retreat, if they can pass a means test.

Accident insurance covers medical treatment, hospitalization, surgery, cash benefits, vocational rehabilitation, and treatment in reconvalescent homes.

Handicapped and invalids receive aid in finding employment. Subsidies are paid to employers to train or hire them in sheltered jobs.

Legal aid in law suits is available for the poor, including payment of counsel's fees and court costs.

Unemployment insurance is private and voluntary in Sweden. Unions have formed their own unemployment insurance societies. They are supervised by the National Labor Market Board. Employers and employees each contribute approximately 15 percent of the cost of the insurance societies; the government pays the balance of about 70 percent. There are 45 unemployment insurance societies covering more than 2.5 million employees. Benefits are about two-thirds of weekly earnings and are paid for up to 300 days. The period can be extended to 450 days for those 55 and over. Those not covered by voluntary insurance societies are eligible for lower cash benefits of about $12 a day from the National Labor Market Board.

XI

Military Union of 'Conscripts' one of the major oddities of Dutch Unionism

THE NETHERLANDS

Labor Organizations. The "pillared" society of Holland is evident in the history of Dutch trade unionism. Early labor organizations, from which the three modern Federations have grown, began to develop in the early 20th century. The Christian (Protestant) Trade Union Federation (CNV) began in 1909 with a religious orientation, its Constitution calling for social reform, not through the class struggle but in accordance with "the message of Christ."

The modern Catholic Trade Union Federation (NKV) developed from the Bureau of Roman Catholic Trade Unions, also formed in 1909, and ideologically the child of the Papal Encyclical Letter De Rerum Novarum of 1891. For more than 50 years the NKV (and its predecessors) was dominated by the Catholic hierarchy. In 1964 it asserted its independence after a decade of severe restrictions laid upon it by the Church which threatened withholding of the sacraments from any worker who joined any but a Catholic union. Like the CNV's, the NKV's Constitution was antisocialist and based on "Christian principles."

The third Federation is the NVV, which broke away in 1905 from an earlier group (NAS) founded in 1893 by the Socialist International. It quickly became the largest of the "Big Three" and was nondenominational and socialist-oriented. It was also the most active politically even though the confessional unions were linked with their respective political parties. The NVV was anti-Communist until 1971 when it withdrew its long-standing denial of affiliation to Communists.

All three Federations are similarly structured. Each has its trade affiliates, with organizations for industrial workers, const-

ruction workers, metal workers, clerical, civil service, etc. Each of these follows general policy in bargaining with its respective employer group.

The NVV is affiliated with the International Confederation of Free Trade Unions, the CNV and the NKV with the World Confederation of Labor. Each is affiliated separately with the European Trade Union Confederation (ETUC), and the Trade Union Advisory Committee (TUAC) of the Organization of Economic Cooperation and Development (OECD). Each federation represents labor on Holland's ILO delegation on a rotating basis. Individual unions of all three federations are affiliated with International Trade Secretariats. Union representatives serve as advisors on various other bodies such as the European Communities (EC) on appointment by the Government.

In spite of their separate religious orientation the three Federations have cooperated closely since the end of World War II on most economic objectives and social policies.

Until the mid-1960's there was little friction between union and employer organizations because both cooperated in following the Government's recommendations on the size of wage increases and other benefits, a "lid" deemed necessary to restore Holland's postwar economy. This system continued unchallenged because of its great success, until the mid-1960's.

In 1963-64 union members began to rebel against the conservatism of their leaders and to demand "more for themselves" in light of the rapidly increasing prosperity. In 1964 they won a 10-percent increase in wages, rather than the 2.7 percent recommended by Government. This development marks the beginning of a more militant trade unionism which less reverence for Government's recommendations.

Radical changes in union relationships have occurred since 1964. In 1959 the NVV began promoting a merger of the three Federations into one body to strengthen the workers' position in society. Little happened until 1967 when NVV, CNV, and NKV united in a "Common Action Program." The first real organizational unity came on January 1, 1976 when the NVV and NKV agreed to a new federation, the FNV, with a pledge of a full merger in 1981. The constituent unions of the old Federations are gradually federating, a procedure with must be completed before the Federations merge.

The CNV, clinging more than the NKV to its confessional inspiration, remains outside the merger to preserve its identity

and its freedom to resist the more socialist tendencies of the new Federation. Nevertheless, unity in bargaining within established national institutions is substantially intact.

The proportion of union members in the work force has increased slowly since World War II. In 1947 it was 35 percent; in 1975, 38 percent; in 1979, 40 percent. The greatest density is in the heavily industrialized provinces of North and South Holland and North Brabant. Unionized civil servants number 330,000 out of 545,000 (60 percent). The police force of 34,000 is virtually 100 percent unionized. Even church sextons and soccer trainers have their own unions.

One of the major oddities of Dutch unionism is a military union of "conscripts" (draftees) organized in 1966. It does not bargain on economic issues; it has no right to strike. It has succeeded, however, in gaining relaxations in spit and polish items, such as dress and hair length, and in reporting procedures and personal freedom. Probably its most important contribution has been a liberalization of the normal rigidities of Dutch military tradition. Of the 103,000 military personnel, 48,000 are conscripts. Of these, 28,000 are members of one of two unions (growing from the original), the less radical (AVNM) numbering 8,000, the more radical 20,000 (VVDM). The judgment of the Netherlands defense establishment is that unionization among its conscripts does not yet "indicate a loss of effectiveness or motivation."

Employer Organizations. Like labor unions, employer associations have until recently followed the same religious divisions—Catholic, Protestant, nondenominational. In the late 1960's, however, they felt the force of "merger" and the two Christian groups federated into the NCW, with 125 affiliated trade associations, while the VNO, the nonconfessional group, represents 86 organizations with over 7,000 firms. The two groups cooperate in presenting the employer bargaining position to the unions. They are represented in the Social Economic Council (SER) as are the trade unions, and in international employer organizations in Geneva and Brussels. The Netherlands Employers' Federation Council is a consultative body which links the VNO and the NCW.

In politics the Christian employer organizations tend to support the religious parties. The nonconfessional group (VNO) is independent. It tends to support conservative coalitions such as the present Government. Nevertheless, the employer organ-

izations are not at loggerheads with the unions, although the relationships are more adversary than they were 10 years ago.

Collective Bargaining. The Labor Foundation, an autonomous body, is the core of the collective bargaining process. Established by law in 1950, it consists of 18 members equally divided between trade unions and employer organizations. Its purpose is to provide guidelines for contract negotiations on the maximum limits—applicable nationally—of wages, working conditions and social improvements. Its deliberations normally begin in September. The results, whether successful or not, dominate subsequent bargaining between employers and unions in individual industries. Contracts are applicable nationwide, by law, whether a firm is "organized" or not and are enforced by the Ministry of Social Affairs.

The Foundation's deliberations can begin only after two other bodies have furnished background data and recommendations. First, the Government's Plan Bureau prepares the economic data from which the Foundation is supposed to operate. This is submitted to a tripartite legal body of 45 members, the Social and Economic Council (SER), established in 1951 to advise the Government on economic and social matters. The Government is under no obligation to adopt the SER's recommendations, but more often than not it does. The SER receives the Plan Bureau's data, considers them, prepares its report of recommendations and forwards them to the Labor Foundation. Then wage discussions begin in earnest.

This three-pronged arrangement—Plan Bureau, SER, Labor Foundation—worked well until the middle 60's, when the unions, pressured by their members, began to demand what they called "free collective bargaining."

To face this challenge a "Wage and Salary Act" in 1970 gave the Government power to intervene in collective bargaining when needed to protect its economic policy. A brief general strike resulted. Since then the Government has rarely tried to use this power. Collective bargaining has become a two-party affair, and more and more negotiations are on a single-industry basis. With the gradual federating of the subordinate unions of NVV and NKV in the FNV, workers will have a stronger base from which to negotiate.

Historically, the Federations have paid little attention to the union role in individual plants. The centralized union structure discouraged initiative at the local and plant level; workers were

apathetic. This, too, is changing with the greater militancy and less reliance on top leaders.

Works Councils, established since 1950, have protected workers' interests in the plant. In 1971, 1973 and 1979, new laws gave new life to "codetermination." Works Councils are required in all establishments with 100 or more workers. Members can be nominated by the trade unions and by nonunion workers. The plant manager is no longer a member of the Council (1973).

Councils are given authority to consult with management on general policy of the enterprise, and specifically on wages, hirings and dismissals, educational programs, and company rules for profit sharing, savings, pensions and holidays. The unions' power was increased by the 1973 law which gave them a right accorded to stockholders since 1928 to request the courts to investigate management policy and the course of events in the enterprise. In still another area—company mergers—the Social and Economics Council requires that unions be informed on probable economic and social consequences of such mergers. Under the 1973 law, Works Councils may nominate corporate directors and may also veto nominees who they feel would not be fair.

There is no separate legislation for mediation, conciliation, arbitration, or settlement of grievances. These matters are incorporated in collective agreements which have the force of law. Most disputes are settled between the unions and the employers involved. If not, cases can be taken to the "Wage Technical Service" of the Ministry of Social Affairs. The local courts are agents of last resort.

Although legal strikes are few and far between, now and then an unauthorized strike takes place, especially in the ports, but the national unions rarely support them.

Labor Standards

Ministry of Social Affairs. This is one of 14 Ministries of the Dutch Government. It administers and enforces the labor code, a variety of social insurance laws, labor relations, the employment sevice, the unemployment insurance law, government programs of training and retraining and safety and health.

It employs 5,400 nationwide, of whom 3,200 are in the employment section. The unemployment insurance staff is in

addition. Ministry staff is hired under a civil service system and as in other ministries, is heavily unionized.

The Ministry is active in development of national policy on ILO matters and represents the Government in ILO meetings. It develops labor legislation and supports it in Parliament.

Labor Legislation. Labor legislation dates back to the Van Houten Act of 1874, prohibiting employment of children under 12. Today the Factories Act and the Industrial Safety Act protect the health and safety of all workers. The Factories Act sets the standard working day at 8 hours and the maximum workweek at 48 hours. Since 1975, the normal workweek has been 5 days and 45 hours. Weekend and night work are not permitted, except for shift work, continuous processing and other special cases, for which the Ministry must issue permits. Workers are entitled to 15 days of paid vacation per year. To conform with the new compulsory school attendance law no one below age 15 may work. Women and persons under 18 may not be employed on certain hazardous jobs.

The Industrial Safety Act establishes standards for healthful working conditions and protects against work hazards. It applies to all enterprises, including agricultural, horticultural, and inland shipping. Separate safety decrees, as well as special acts, deal with specific problems.

Wages. Wage rates are determined by collective bargaining for each industry. The principle of the minimum wage was established by law in 1966 and now applies to both men and women. In January 1979 the level for adults (23-65) was 1,751 guilders per month, compared with 720 guilders in 1971. The youth minimum wage in mid-1978 began with 818 guilders for 16 year olds and increased, for each additional year, up to 1593 guilders for those aged 22. A lower wage for young people has been established practice in Holland for many years.

Since the recession of 1974 when Holland shared the fate of the rest of Western Europe, unemployment and the cost of living have increased, but in Holland the average annual increase in living cost was only 4 percent. Based on 1969—100, the price index for the year 1977 was 183; for July 1978, 191. Since then the increase has been declining.

The Dutch as a whole live well, and their living standards have risen in recent years. Even the trade unions agree that "there is hardly any real poverty."

Social Security

Dutch citizens enjoy comprehensive social security laws. The various insurances are administered by a veriety of government boards within the Ministry of Social Affairs.

All those between 15 and 65 resident in Holland are covered by the Old Age Insurance Act (1957). The pension, to which they are the principal contributors (rate 10.4 percent on a specified annual income) becomes payable at age 65. Pensions are linked to the official wage index, normally adjusted twice a year. Certain non-residents are also covered. Pensions since January 1, 1979 range from 11,000 guilders per year for single to 16,000 guilders for couples.

The General Widows and Orphans Act (1959), also compul sory and payable by individuals, covers all persons 15 and older. Benefits for widows are related to specific situations. Only "full" orphans are entitled to benefits to the age of 16 or to age 27 if in full-time education or incapacitated.

Private pension plans in specific industries (1949) can be made compulsory industrywide by the Ministry of Social Affairs if employer and employee organizations request it. A 1954 act protects workers against loss of pension rights if they have worked for a company for 1 full year.

General Family Allowances Acts have been in effect since 1963. Costs are chargeable to employers and the State. All aged 15 or over are covered. The General Act provides benefits to everyone for three or more children; the Wage Earners Act for the first and second; and the Self-Employed Act for the first and second if their annual income is below a specified amount.

Four major laws relate to Health, Sickness and Disablement. The Sickness Benefit Act, covering wage earners, is financed by employers (85 percent) and employees (15 percent). The benefit is 80 percent of the insured worker's pay. Pregnancy and confinement are covered for 12 weeks; the benefit is 100 percent of the daily wage.

The Disablement Act covers only wage earners, and applies to those no longer able to work. It begins after 52 weeks of disability. The maximum benefit is 80 percent, of wages, the minimum 10 percent, depending on the extent of incapability. Benefits are tied to the general wage index. Contributions by employers and employees are about equal.

The Health Insurance Act covers those compulsorily insured under the Sickness Benefit Act. Financing is equal between employers and employees. Voluntary members pay on the basis of income. Doctors may be chosen freely; benefits cover medical, pharmaceutical, hospital, and dental care. Contributions depend on income up to a fixed annual amount.

The Exceptional Medical Expense Act (1968) covers special or long-term treatment or nursing in institutions. Payment by those treated is required up to a specified amount after 1 year's stay, on the basis of income.

The Unemployment Insurance Act (1952) covers employees (excluding civil and public service employees who are covered under separate plans) who are involuntarily unemployed. The benefit equals 80 percent of the daily wage to a specified maximum for 26 weeks per benefit year. After that, 75 percent is paid, for at most 2 years.

The costs of the entire system are the highest in the EC and have been rising. From 1963 to 1977 they rose from 14 to 33 per cent of the GNP. Part of the drop in the competitiveness of Dutch exports has been blamed on higher production costs attributable to social benefits. One objective of the present Government is to curtail further rises.

XII

The Co-Determination Law in the Federal Republic of GERMANY

Labor Organizations. At the beginning of 1978, trade union membership was reported at 9.100,000 or 42 percent of all wage and salary earners. This figure includes 7,600,000 in the dominant German Trade Union Federation (Deutscher Gewerkschaftsbund—DGB), a federation of 17 industrial unions. More than one million government employees are members of DGB unions and nearly 800,000 more are members of the unaffiliated Confederation of German Civil Service Officials (Deutscher Beamtenbund—DBB).

Most organized white-collar workers in the private sector belong to DGB unions, but 473,000 are members of the unaffiliated German Salaried Employees Union (Deutsche Angestelltengewerkshaft—DAG). The DGB is a member of the International Confederation of Free Trade Unions (ICFTU). The DAG belongs to the International Federation of Commercial, Clerical and Technical Workers (FIET).

The Confederation of Christian Trade Unions of Germany (Christlicher Gewerkschaftsbund Deutschlands—CGB), is an amalgamation of three trade union federations, with 245,000 members.

The DGB unions are neutral in party politics. However, most trade union officials who are elected to Parliament run on the Social Democratic Party ticket, and much of the support of this party comes trom members of DGB unions.

Employer Organizations. Business in the Federal Republic is highly organized with some overlapping of membership in chambers of commerce, trade and craft associations, and federations. Most prominent are the Federation of German Industries (Bundesverband der Deutschen Industrie—BDI) and the Confederation of German Employers' Associations (Bunde-

severenigung der Deutschen Arbeitgeberverbaende—BDA). In 1977 the latter included 47 national employers' federations, with 365 regional groups, comprising about 80 percent of all enterpises employing about 90 percent of the workers in the private sector. The BDA conducts research, provides information to its members, and acts as spokesman for employers on industrial relations and other social and economic issues. Like the Social Democratic Party and the trade unions, the employer associations and the Christian Democratic Union Party are mutually supportive.

Collective Bargaining. Most wage earners and salaried employees are covered by collective bargaining agreements. Collective bargaining occurs usually on a regional level, between a national trade union and an employer's association. It results in industrywide standards for minimum wage increases and working conditions. Non-members firms usually apply the terms of collective agreements voluntarily, but the Minister of Labor can order all firms to adhere to a collective agreement.

The collective Bargaining Law (Tarifvertragsgesetz) of 1952 makes collective agreements legally binding only upon the members of the contracting unions. However, public acceptance of collective bargaining in the Federal Republic is such that an agreement with a union is usually applied also to the unorganized workers in an establishment.

As union security arrangements (union shop, closed shop, or agency shop) are illegal; unions maintain their position in the plants through works council activity and a network of shop stewards.

Instead of a federal government mediation service, the collective bargining parties maintain their own voluntary, jointly administered conciliation system

Individual grievances and disputes arising from the interpretation of collective agreements are handled by the labor court system. These courts function on three levels: Local courts (Arbeitsgerichte), regional appeal courts (Landesarbeitsgerichte and a federal labor court (Bundesarbeitsgerichte). All are tripartite, with professional judges and equal numbers of employers' and workers' lay judges.

Right to Strike. The FRG has no legislation governing strikes or lock-outs. However, the courts have ruled that a strike called while a contract under their own constitution. Union provisions established is in force is illegal as are political

or by-laws genarally require a strike vote among the organized workers in the area covered by the dispute. The union's executive board may call a strike only if 75 percent of votes cast are in favour of striking.

The Federal republic reported less than 24,000 workdays lost due to strikes and lockouts in 1977. As in recent years, this is far fewer than in other large industrialized countries. Among the reasons most often cited for the success of the Federal Republic's industrial relations system are a consensus among trade unions, employers, and the government on common goals and a prosperous economy, and moderate union demands conditioned by the spectre of the disastrous inflation after World War I.

Codetermination

The workers' demand for a voice in management (Mitbestimmung) goes back to at least the Revolution of 1918. It was particularly realized through the Works Council Act (Betriebsratgesetz) of 1920 which gave German workers minority representation on boards of directors. The Nazi regime dissolved works councils, but after World War II the Allied Powers reestablished them. German legislation since then has confirmed the works councils and expanded codetermination.

The legal basis for Works Councils in 1979 is the Industrial Relations Act (Betriebsverfassungsgesetz) of 1972, which requires the election of a Works Council every 3 years by the workers of any enterprise employing five or more persons. The law stipulates that 'The employer and the Works Council shall work together... for the good of employees and of the establishment...in cooperation with the trade unions and employers' associations..." The number of works council members varies according to size of the establishment. 1 member for 5 to 20 employees; 31 members for 7,001 to 9,000 employees. Two members are added for every additional 3,000 employess. Corporations with several plants have a central council to which the individual plant councils send two representatives each.

Men and women have proportionate representation on works councils. Youth is also represented. In establishments with more than 3,000 employees, the chairman and, depending on the number of employees, as many as 12 members of the works council devote full time to council affairs while earning their usual pay. Works Councils do not negotiate collective agreements but have a voice with management on local issues and

grievances, such as:

- policies for recruitment, assignment, promotion, and dismissal of workers;
- training, job safety, and worker conduct on the job;
- job evaluation, piece rates, and wage structures;
- hours of work, overtime, breaks, and holiday schedules;
- worker interests in redundancies, including transfers, retraining, or dismissal pay; and worker housing and welfare plans.

Codetermination or labor participation in company management is regulated under three different laws:

1. The 1951 Law on Codetermination in the Coal and Steel Industries provides for Boards of Supervisors, the equivalent of Boards of Directors of U.S. corporations, on which 50 percent of the members represent stockholders and 50 percent represent the employees. The law also provides for 3 to 5 member Boards of Management which must include an industrial relations or labor director (Arbeitsdirecktor) as the company executive responsible for personnel and social affairs. Labour directors are usually former union officials. Virtually all are nominated by unions. However, they do not negotiate collective agreements.

2. The Codetermination Law of 1976, singling out companies with more than 2,000 employees operated at stockholders' companies or partnerships limited by shares, gives labor an equal representation with stockholders' representatives on the board of supervisors, but with the proviso that the labor segment of the board must include one representative of managerial employees (Leitende Angestellte). In cases of a tie vote on the board, the chairman of the board of supervisors, normally a stockholder representative, will have two votes. The law also provides for establishment of the position of an industrial relations or labor director as a full-fledged member of management, but unlike the Arbeitsdirektor in the coal and steel companies under the 1951 Coal-Steel Codetermination Law, approval of his appointment by the labor members on the board of supervisors is not required.

3. Companies which are not subject to the 1951 Coal-Steel Codetermination Law or to the 1976 general Codetermination Law are covered by the 1951 Industrial Relations Act as amended

in 1972 (Betriebsverfassungsgesetz). This law requires that in stockholder and limited companies, labor is entitled to one-third representation on the boards of supervisors. The law does not require the establishment of the position of a labor or industrial relations director.

In the public sector, the 1974 revision of the 1955 Personnel Representation Act (Bundespersonalvertretungsgesetz) provides for a more limited form of codetermination for public workers. Personnel Councils are concerned chiefly with working conditions and social issues for all public workers.

Occupational Health and Safety

Accident insurance and worker's compensation have a long history in Germany, going back to the Bismarck era. In recent years the SPD/FPD coalition, supported by a strong labor lobby in the Parliament, has made major efforts to improve health and safety standards in the plants. Worker's Compensation Insurance offers broad coverage in all industries, not only on the job but on the way to and from work. Coverage extends to all children and young persons in schools from kindergarten to university level.

Federal health and safety laws apply to all industries and are enforced by the states (Laender). In addition, in the private sector, health and safety regulations for a particular industry are formulated and implemented by Industrial Injuries Insurance Institutes or BGs (for Berufsgenossenschaften). Most employees in private industry are covered by 34 individual BGs. Twenty other BGs (19 agricultural, 1 seafarer) protect the traditionally low-income farmer and small boatman by offering coverage to the self-employed and their spouses, as well as to their paid worker.

The BGs are self-governing public corporations under state supervision. Each has a representative assembly and a management board, and operates under a general manager. Labor and management have equal representation at all policymaking and management levels. In the case of the agricultural and seafarer BGs, employers, employees and the self-employed have equal representation on their governing bodies.

In 1975, an estimated 20,458,000 persons were insured by industrial BGs in 1,537,000 places of employment. The total number of insured persons was estimated at 27.3 million, which includes agricultural and public workers.

BGs are run by a central association, headquartered in Bonn. The central association has set up 6 state associations, with which the institutes that protect public and agricultural workers may affiliate. The state associations handle medical treatment and occupational rehabilitation problems, appoint medical personnel, approve hospitals, and represent their members in regional and local safety and health groups.

In recent years, trade unions and employer organizations have paid special attention to toxic substances in industry. Both groups are represented on the Committee on Dangerous Industrial Substances of the Federal Ministry of Labor and Social Affairs, which advises the Labor Minister on technical matters, regulations, and the marketing and handling of dangerous substances.

A major task of the Committee is limiting exposure to harmful elements for which no maximum allowable concentration can be established, for example, carcinogenic substances where even the smallest dose cannot be considered safe.

Safety Personnel. The Occupational Safety Act, in force since 1974, provides for the employment of about 80,000 industrial safety officers, including plant physicians, safety engineers, and other safety specialists. In addition, safety delegates or stewards must be appointed in every enterprise with at least 20 employees. By 1975, more than 250,000 safety delegates had been trained. They are "safety laymen," responsible for recommending ways to improve safety and for cooperating closely with works councils.

The number of safety officers and delegates depends on the size and the hazards of the enterprise. The general regulations of the BGs call for:

1-3 safety delegates for 21-50 employees
2-5 safety delegates for 51-100 employees
4-5 safety delegates for 101-250 employees
4-8 safety delegates for 251-590 employees
5-20 safety delegates for more than 500 employees.

Works Councils. The industrial relations Act of 1972 gives works councils important rights and duties in industrial safety. They enforce and implement both Federal safety laws and BG regulations, as well as safety clauses in collective and plant agreements. In large enterprises the works council safety

committee usually oversees the work of the safety delegates.

The works councils' duty to watch over safety involves contact with everyone in a plant; employer, supervisors and workers. The councils are empowered to point out shortcomings in safety measures and to press both management and workers to eliminate defects. They may negotiate voluntary plant agreements with employers that go beyond the existing legal safety and health regulations and provisions of collective agreements. Such voluntary plant agreements may obligate the employer to provide protective clothing for workers, for example, or may establish limits on working hours in specific activities.

Should the council find a safety problem which the employer does not acknowledge, it can request examination by the Government Safety Inspection Service, and thus may get offiicial support for its position.

When changes in work processes or working conditions place too great a burden on employees, the works council can demand corrective measures, such as elimination of manual lifting of heavy materials by using machines, setting time limits on job tasks that are especially difficult or dangerous, or the removal of hazardous substances.

The employer must let the works council participate in the planning of building construction, technical installations, work processes, and the workplace.

When the law leaves employers a choice in the method for achieving safe working conditions, the works council has condetermination rights. For example, the law requires that gases developed in the production process must be ventilated, but does not state how. The works council would work with the employer to decide on the method of removing gases.

To ensure that the works councils partjcipate fully and effectively, the Industrial Relations Act requires that employers keep works councils informed of all official rules and regulations pertaining to industrial safety and health, and that councils receive copies of accident reports, investigations and safety inspections. Inspection services and other authorities are obliged by law to let works council members take part in all safety inspections, meetings and accident investigations.

XIII

"A Voluntary System in which the law and the legal profession have less to do with labour relations in the UNITED KINGDOM

The Industrial Relations Act became law in August, 1971. The stated purpose of the Act was to promote good industrial relations on the basis of four fundamental principles:

(a) Collective bargaining should be freely conducted on behalf of workers and employers with due regard to the general interests of the community.
(b) The development and maintenance of orderly procedures in industry for the peaceful and expeditious settlement of disputes by negotiation, conciliation or arbitration, with due regard to the general interests of the community.
(c) The free association of workers in independent trade unions, and of employers in employers' associations, so organized as to be representative, responsible and effective bodies for regulating relations between employers and workers.
(d) Freedom and security for workers, protected by adequate safeguards against unfair industrial practices, whether on the part of employers or others.

The Act made a significant distinction between trade unions; in fact the term 'trade union' was to be applied only to a registered union, i.e. 'an organization of workers which is for the time being registered under this Act'. Any organization of workers which had full power to alter its own rules and to control the application of its property and funds—provided it was also independent (not, for example, a 'staff' union)—could apply for registration. If the rules of the applicant organization met certain minimum standards laid down under the Act it could become a

trade union. What was popularly known as a trade union i.e. an unregistered union, was defined simply as 'an organization of workers' in terms similar to those of the Trade Union Act, 1913. Registered unions enjoyed certain advantages which their unregistered counterparts did not. For example, only a registered union could obtain an agency shop agreement, approved closed shop or sole bargaining agency.

A network of institutions was created for the processing of matters arising under the Act. Industrial Tribunals were already in use to deal with matters under such legislation as the Contracts of Employment Act, 1963, and the Redundancy Payments Act, 1965. A Tribunal was made up of a lawyer, as chairman, and two other members representing employer and employee interests respectively. These Tribunals were given additional jurisdiction by the new Act over matters such as unfair dismissal, cases of unfair expulsion by a union or employers' association or refusal by these to accept an otherwise suitable applicant into membership.

The Commission on Industrial Relations was established as a statutory body under the Act. Although it had no legal authority of its own its recommendations, in certain circumstances, could be enforced by an Order of the National Industrial Relations Court. It dealt with such matters as conducting ballots on agency shop issues and investigating the extent of bargaining units. The Act entrusted it with virtually unlimited investigative tasks: 'The Secretary of State, or the Secretary of State and any other Minister acting jointly, may refer to the Commission any question relating to industrial relations generally or to industrial relations in any particular industry or in any particular undertaking or part of an undertaking.'

The National Industrial Relations Court (N.I.R.C.) was an entirely new institution. It had the same powers and status as the High Court but its style was more informal and it could hear cases anywhere in Great Britain. It had three members—a judge and two laymen with expert knowledge of industry. Contested points of law could be referred to the Court of Appeal—and, in Scotland, to the Court of Session. It had power to award compensation, to make an order declaring the rights of a complainant, and to issue an order requiring a party to take or refrain from taking a particular course of action.

A new office was created, that of the Chief Registrar of Trade Unions and Employers' Associations. His main task was to examine the rules of unions and employers' associations which

sought registration to ensure that they met certain minimum standards. The Registrar was also empowered to receive complaints from individual union members and, where he deemed it necessary, to pass them on to the N.I.R.C.

An Industrial Relations Code of Practice was drawn up setting out what was considered to be good industrial relations practice for the benefit of those whom the Act covered. The Code outlined such matters as the responsilities of management, trade unions, employers' associations and individual employees; employment policies, communication and consultation, collective bargaining, employee representation, grievance and disputes procedures and disciplinary procedures.

The pre-entry closed shop was made illegal by section 5 of the Act. Every worker, as between himself and his employer, had the right to join or not to join the *registered* trade union of his choice. He also had the right not to become a member of an unregistered trade union if that was his wish. The section made it an unfair industrial practice for the employer to prevent him from exercising his rights in regard to union membership and union activities; or otherwise penalize or discriminate against him on grounds of union membership.

Section 11 made possible the establishment of an agency shop. This was an agreement made between one or more employer and one or more registered trade union whereby it was agreed that every worker to whom the agreement applied must either belong to an appropriate trade union; or, in lieu of membership, pay a sum equivalent to the contribution to union funds; or in the case of a conscientious objection pay an equivalent amount to a charity agreed upon by the workers and the union. Where the employer was unwilling to agree to an agency shop, and the matter could not be solved by conciliation, either the union or employer could apply to the N.I.R.C. The Court was empowered to order a secret ballot under the supervision of the C.I.R. If two-thirds of those who voted in the ballot were in favour of an agency shop the employer was then required to operate it.

All written collective agreements made after the commencement of the Act were presumed to be legally enforceable contracts unless the parties stipulated otherwise (section 34). However, the parties continued to express the wish for collective agreement to be binding in honour only; therefore a great deal of legal energy was expended on drawing up non-enforceability clauses—popularly termed TINA LEA (This Is Not A Legally

Enforceable Agreement).

Sympathetic strikes were hit by the provisions of the Act (section 98). Where a strike at one factory is extended to another and those calling the strike knew or had reasonable grounds for believing that a contract (a commercial contract) existed between the two firms, an unfair industrial practice would have been committed where the strike-leaders' principal purpose was to induce another to break the contract or prevent its performance—provided the other person was an extraneous party in relation to the industrial dispute. In these circumstances it was also an unfair industrial practice to undertake any irregular industrial action short of a strike. Strikes or irregular industrial action short of a strike in furtherance of an unfair industrial practice—e.g. industrial action designed to force an employer to dismiss a person who refused to join a union—were prohibited by section 97.

Where industrial action was such that it constituted a serious threat to the economy, national security and public order, or was likely to expose a substantial number of people to serious risk disease or personal injury, a cooling off period of up to sixty days could have been imposed by the N.I.R.C. after application by the Secretary of State for Employment—who could also apply for an order requiring a strike ballot. Refusal by those named in the Order of the N.I.R.C. to comply would have involved the imposition of fines for contempt of court.

The 1971 Industrial Relations Act was to be specifically replaced by legislation covering industrial democracy and dealing with the legal rights of workers and trade unions. As a first stage in this process the Trade Union and Labour Relations Act, which repealed the 1971 Industrial Relations Act, was enacted on 31 July 1974. The N.I.R.C. was abolished on the same day, the C.I.R. and Registrar were abolished and the main provisions of the Act came into force from September 1974.

The 1974 Trade Union and Lobour Relations Act kept certain of the 1971 Act's provisions. For example, it retained a code of industrial relations practice, and extended the provisions on unfair dismissal. The 1974 Act also continued several contentious issues. It gave the individual worker the right to appeal to an industrial tribunal if he considered he had been arbitrarily excluded or expelled from a union. The Act enabled an employer to dismiss an employee who refused to join, or resigned from a union where there was a union membership agreement, unless the individual had reasonable or religious grounds. The Act also

gave every individual the right to terminate his trade union membership.

The Employment Protection Act came into force from November 1975, its provisions to be implemented by stages during 1976. It became the second stage of the Government's legislative programme in this field, to be completed with the advent of promised legislation on industrial democracy.

The main provisions of the Act concern employee rights. Sections 22-28 provide for guaranteed payments of up to £6 per day for workers during short-time working or temporary lay-offs not caused by an industrial dispute. An employee can appeal to an industrial tribunal if he considers his employer has failed to pay either the whole or part of the payment.

The Act also provides for up to twenty-six weeks' payment by employers to workers suspended on medical grounds. This provision relates to suspensions arising from a Government order or an order under the Health and Safety at Work Act, 1974.

Sections 34-52 provide female employees who have been employed for over two years with the right to paid maternity leave for up to six weeks. The Act makes dismissal because of pregnancy generally unfair and enables the pregnant worker to return to her employment after confinement on terms and conditions not less favourable than those which would have applied if she had not been absent. The employee may complain to an industrial tribunal if she considers her employer has failed to pay her. To assist employers the Act establishes a maternity fund similar to the redundancy fund into which the employer would make payments.

The Act provides for considerably increased protection for workers faced with redundancy. Section 61 provides, for the worker who has been employed for over two years and is declared redundant, the right to reasonable time off work to look for new employment or to make training arrangements. If the employer refuses this facility, the individual worker can complain to an industrial tribunal which can award compensation. Similarly, section 99 imposes a legal duty on employers to consult trade union representatives in the event of proposed redundancies and to notify the Secretary of State for Employment. The employer is now required to disclose to the recognized trade union the reasons for his proposals, the number of proposed redundancies and his proposed means of selecting employees for redundancy. A failure by the employer to notify can result in a reduced rebaet

from the redundancy fund and an industrial tribunal can make an award protecting workers from redundancy until consultations have taken place.

The Act also extends individual rights in relation to trade union membership and activity. Employees are now protected under Section 53 from victimization for belonging to a trade union or taking part in its activities. The Act also protects from victimization those who, on the basis only of religious belief, refuse to join a trade union. The employee is also now entitled in law to time off to carry out trade union duties or undergo training approved by his union or the T.U.C., if he is a trade union official. If he is not an official he is still entitled under Sections 58 and 59 to reasonable time off to take part in trade unions activity and public duties.

The protections against unfair dismissal, retained from the 1971 Industrial Relations Act, are again extended by the 1975 Employment Protection Act. This Act now provides under Sections 71-80, an Industrial Tribunal with the power to award reinstatement or re-engagement and increase an individual's compensation if such reinstatement or re-engagement is not possible. Additional awards can now also be made against employer who dismiss for membership or taking part in trade union activity or who dismiss because of discrimination on grounds of race or sex.

The Industrial Tribunal remains the main agency for hearing complaints arising under the Act. The work of Industrial Tribunals has expanded considerably in recent years. The Act also establishes a new Appeal Tribunal to hear appeals on issue of law arising from the decisions or proceedings of an Industrial Tribunal. The Appeal Tribunal hears appeals arising not only from the Employment Protection Act, but also the Sex Discrimination Act, 1975, the Trade Union and Labour Relations Act, 1974, the Contracts of Employment Act, 1972, the Equal Pay Act, 1970, and the Redundancy Payments Act, 1965.

The Act also follows the pattern set by the Government in the 1974 Health and Safety at Work Act, and reinforced by the 1975 Industry Act, by providing for a general duty on employers to disclose information to trade unions. Section 17 requires the employer to disclose information to trade unions which they require to assist them in bargaining. The Advisory Conciliation and Arbitration Service is to issue codes of practice to assist employers with this disclosure responsibility.

One of the most significant improvements provided by the Act is the establishment of an independent Advisory Conciliation and Arbitration Service. The Act formally established this service which had been functioning under temporary provisions since September 1974.

Collective Bargaining. For more than two-thirds of all British workers, terms and conditions of employment and procedures for the conduct of industrial relations are settled by negotiation and agreement between employers or employers associations and trade unions. Most negotiations are concluded peacefully and a working relationship has evolved without recourse to law.

Through the independent Advisory, Conciliation and Arbitration Service, the Government can offer conciliation, mediation or arbitration, if necessary, but disputes are usually resolved without governmental assistance. A small sector not covered by collective bargaining is protected through independent statutory wages councils. Under the Fair Wages Resolution Act of 1946, no government contracts will be awarded to those paying less than recognized or comparable rates in these industries.

Unlike the typical U.S. labor-management contract, the British negotiate two types of agreements, neither of which is legally enforceable.

A *substantive agreement* sets out economic terms on wages hours, and working conditions and usually runs for one year.

A *procedural agreement* is usually long-standing and sets out the steps for modifying or amending the economic agreement and for resolving any disputes. Most procedural agreements state that strikes and lockouts cannot occur until all steps in the procedure have been exhausted. Some agreements specify mediation or arbitration of disputes as well.

Although British industry is heavily unionized, its system of collective bargaining is highly fragmented and occurs on several levels. The most common form is industrywide bargaining between a multiemployer association and a trade union resulting in a formal national agreement. Since the end of World War II, more and more shop steward negotiations occur at plant levels, resulting in informal understanding, or "shop floor" agreements with local management. There have also been more one-company agreements.

Although in some instances employees are represented at the workplace by full-time trade union district officials, more

commonly they are represented by shop stewards who are either elected or appointed from the workplace. The basic unit of the union is generally the branch, a geographic jurisdiction rather than the place of work. In Britain, there are many plants where the stewards of several rival unions with members in the same plant have formed joint committees to deal with local management. These bodies seldom have a formal link to any national union.

Disputes. Most labor disputes concern pay issues. When comparing work days lost per thousand nonagricultural workers, Britain occupies a middle position among industrialized countries. In 1978, for example, Britain lost 421 days; the United States, 438; Canada, 840; Italy, 647; and the Netherlands, 1.

Unlike labor disputes in the United States, where most strikes are sanctioned by the union leadership, most British disputes are "unofficial" and thus not subject to leadership control. Only 14.4 percent of the days lost from strikes in 1976 were known to be official. This figure rose to 24.8 percent in 1977 and to 42.5 percent in 1978, then to 77.9 percent in 1979 (preliminary), though actions that begin unofficially are often countenanced later by the unions. In recent years, national and therefore official strikes have been more common—often called to protest government incomes policies or cash limits.

Most labor disputes are resolved by the parties themselves. However, the Advisory, Conciliation and Arbitration Service (ACAS) can offer conciliation at the request of either party or on its own initiative. In 1978, ACAS received 3,338 requests for conciliation and completed action in 2,706 disputes. The agency also arranges for voluntary arbitration, using a roster of outside arbitrators, and for mediators to make recommendations in other disputes.

The greatest part of ACAS work involves individual conciliation arising from complaints by individuals against employers before going to an industrial tribunal. In 1978, service received 44,713 cases for individual conciliation. In the preventive area, ACAS provides advice to labor and management about specific labor relations problems; it also conducts indepth inquiries. The Secretary of State for Employment can ask for a Court of Inquiry into a specific labor dispute.

ACAS was set up in 1975 as an agency independent of the Ministry of Labor, in part to remove the conciliation function from conflicts over incomes policies. Its council has 10 members: A

chairman, 3 members appointed after consulation with the TUC. 3 after consultation with CBI, and 3 independent members (these have been academics). Besides its role in dispute resolution, ACAS has played a part in determining union recognition, and issues codes of fair practice for industrial relations.

The Conciliation Service in Belfast, Northern Ireland, is called the Labor Relations Agency.

The Central Arbitration Committee is a standing national arbitration body, with an independent chairman and a tripartite arrangement of neutral deputy chairmen with trade union and management representatives.

Industrial tribunals which operate as labor courts in Britain hear individual complaints about unfair dismissal, sex and race discrimination, as well as other statutory violations. They consist of a legally qualified chairman and a representative nominated by the TUC and one by the CBI. The appeals court, the Employment Appeals Tribunal, is also tripartite.

The Role of Law. Since the 1960s, debate has arisen about the role of the law in industrial relations. Unlike their American counterparts, British trade unions achieved recognition without a specific legal right or compulsion on either side. Instead, they become "immune" from most court actions. The traditional British system of industrial relations developed on an ad hoc basis during the 19th and first half of the 20th century. The law was used to remove legal obstacles arising from either statutes and from common law and judicial decisions. The Trade Union Act of 1871 gave trade unions basic protection from the criminal and civil consequences of restraint of trade. The Conspiracy and Protection of Property Act of 1875 gave immunity from criminal conspiracy when the combination or action was in furtherance of a trade dispute and also permitted peaceful picketing. The 1906 Trades Dispute Act protected unions and persons participating in trade disputes from civil suits.

With the spread of unofficial strikes in the 1960s, inflation and slowing economic growth, a Royal Commission examined the role of law in industrial relations. The Labour Government's attempt at legal constraints on union activity in 1970 was resisted by the unions. The Conservative Government's broader approach, the Industrial Relations Act of 1971, patterned on the U.S. Taft-Hartley Act, prompted massive union resistance.

The legislation was subsequently repealed by the Labour Government in return for a "social contract" and a promise of

wage restraint. The Government enacted a new legislative framework which has few restrictions on trade union activity or strikes, expanded the rights of individuals at the workplace, and extended trade union rights in other areas. These laws: Trade Union and Labour Relations Act, 1974 and 1976 and Employment Protection Act, 1975 were consolidated into the Employment Protection (Consolidation) Act, 1978.

After their return to office in 1979, the Conservatives introduced an Employment Act, to amend existing trade union legislation and to "readjust the balance" between labor and management. The act, which received Royal Assent on August 1, 1980, made the following changes:

- Union recognition procedures which operated through ACAS were repealed. (By those procedures ACAS could recommend, but not enforce, such recognition. The process was generally considered ineffective by the TUC, CBI, and others).
- Schedule 11 of the 1975 Act was replealed. It entitled unions to claim wage increases from the Central Arbitration Committee for workers paid less than "recognized" rates or given terms and conditions worse than those of "comparable workers."
- Government funds were provided for secret ballots for union strike and contract ratification votes, the election of officers and rule changes.
- Individuals who do not wish to join a closed shop ("union" shop in the United States) were given access to industrial tribunals and special elections were required for all new closed shop agreements. An 80 percent favourable majority of all those eligible is required.
- Picketing was limited. It must now be outside or near the pickets' own place of work, and only for the purpose of "peacefully obtaining or communicating information or peacefully persuading any person to work or to abstain from working."
- Some immunities enjoyed by trade union members and officials were removed. They can now be sued for secondary boycotts and picketing.
- The Secretary of Employment was empowered to issue codes of practice in such areas as picketing, closed shops, and recognition. These codes are not regulations but

failure to follow them can be used as evidence in relevant civil or criminal proceedings.

The act will not go into effect immediately; there is a timetable for implementation. The Conservative Government is now studying the complex issue of trade union immunities for other activities and will be preparing a green paper on the subject for public discussion later in 1980.

An important development over the past 15 years has been the establishment in law of the rights of employees. These right include:

- Entitlement to written notice of terms and conditions of employment, disciplinary rules, and grievance procedures minimum periods of notice before termination.
- Lump-sum dismissal (severance) payments based on age and years of service if jobs cease to exist. Funds are provided by industry and government.
- Protection against unfair dismissal through access to an industrial tribunal.
- Guaranteed right to belong to unions.
- Paid time off for trade union and public duties; time off, in the event of threatened layoff, to look for work or arrange training; and protection against suspension for medical reasons.
- Maternity rights for women, including protection against dismissal because of pregnancy, maternity pay and re-employment after confinement.
- Protection against discrimination based on race, colour or ethnic or national origin by the Race Relations Act, 1976 and against sex discrimination by the Equal Pay Act, 1970 and the Sex Discrimination Act, 1975.

Unions have also acquired legal rights and responsibilities enabling them to perform more effectively. These are embodied in a number of laws:

- The right to information on company finances for purposes of collective bargaining.
- The right to prior consultation by employers in the event of layoffs.
- The right to time off for trade union activities and shop steward duties.

- The right to appoint and train union safety representatives for the shop or plant.
- The responsibility to prevent discrimination on grounds of race, sex, European Community nationality, or noncontribution to political funds.

Labor Standards

The Department of Employment of Great Britain is responsible for statutory employment policies, industrial relations and pay policies, and the administration of unemployment benefits and severance payments. Certain functions, however, have been split from the Department of Employment and are now performed by several quasi-autonomous nongovernmental organizations which include representation from labor and management but are staffed by civil servants. These include the Manpower Services Commission, the Advisory, Conciliation and Arbitration Service, and the Health and Safety Commission.

The Health and Safety Commission, appointed by the Secretary of State for Employment after consultation with the TUC, CBI, and local authorities, has responsibility for supervising the application and enforcement of health and safety legislation.

The Health and Safety at Work Act, 1974 places duties on employers to ensure, so far as is reasonably practicable, workers' health and safety at work and to protect members of the public from industrial hazards. It expands previous legislation to cover everyone at work, rather than specific industries or occupations.

The Equal Opportunity Commission, housed in Manchester, can conduct investigations into violations of equal pay and sex discrimination, as can the London-based Commission on Racial Equality, set up by the Race Relations Act.

Wages, Hours, Levels of Living. There is no statutory minimum wage nor are there statutory minimum hours, except for those 2.8 million people employed in 391,000 establishments covered by wage orders set by 41 wages councils. There is specific legislation dealing with women and children.

The standard workweek of 40 hours for hourly paid employees is generally determined by collective bargaining; for salaried employees it is 37.5 hours. The average workweek in April 1979 in Great Britain for full-time male wage earners was 46.2 hours and for full-time women wage earners, it was 39.6 hours. For full-time salaried men, the average week was 38.8 hours, for full-time salaried women, 36.7 hours.

Overtime rates are also set by collective bargaining with time and one-quarter usual for the first 2 hours of work over 8 hours. The rate usually rises to time and one-half after 2 hours and for work on Saturday and to doubletime on Sundays and holidays.

According to the Department of Employment's survey of earnings and hours, the average weekly earnings of full-time male wage earners in 1979 for the United Kingdom (including overtime payments) was £ 92.9 (£ 93 for Great Britain); for full-time women it was barely half that at £ 55.1; for salaried male employees the weekly earnings were £ 112.9 and for salaried females, £ 66.

Paid vacations, called annual holidays in Britain, are provided by collective agreements. They are normally 3 to 4 weeks. Paid public holidays are also a subject for negotiation. They range from 6 to 10 days a year.

The present retirement age is set by law: 60 years for women, 65 for men, and 60 for senior civil servants. There are some industry variations through bargaining. Under current "Job Release Schemes," male workers aged 62 and females aged 59 are encouraged to retire early to give younger workers job opportunities.

Collective bargaining has been used to modify and supplement government-supplied benefits. Many employees are covered by occupational pension schemes (12 million in 1975) negotiated by trade unions; many are also covered by occupational sick pay plans which supplement the state plan.

The cost of living, as measured by the retail prices index, has been accelerating. The inflation rate for the 12 months ending in January 1980 was 18.4 percent; a similar period to January 1979 was 9.3 percent, compared with rises of 9.9 percent to January 1978, 16.6 percent to January 1977, 23.4 percent to January 1976, and 20 percent to January 1975.

Average annual earnings of all full-time male workers increased 14.9 percent from April 1978 to April 1979. The retail price index rose by 10.1 percent, indicating that real earnings increased for the year.

Social Security

The central feature of the social security system is the national insurance scheme under which all working adults must pay into a central fund from which sickness, unemployment,

and pensions benefits are paid as a right, under the Social Security Act, 1975. The fund is also financed by employers' contributions and the Treasury.

Social Security benefits are indexed with annual increases to take account of inflation. The Government introduced in 1978 a new state-pension scheme under which national insurance retirement, invalidity and widow's pensions are earnings-related and protected against inflation. Supplementary benefits, on which 5 million people depend for subsistence, are payable to anyone not in full-time work whose resources are insufficient, except those involved in a strike or industrial action, although their dependents are covered. Special payments such as income supplements go to low-paid heads of families, and child benefits go to 7.5 million mothers.

Social security is administered by the Department of Health and Social Security in England, Scotland, and Wales and by the Department of Health and Social Services in Northern Ireland.

XIV

Maintaining full production in its economy in the National interests is the aim of I.R. in the UNITED STATES OF AMERICA

Labor Orgainzations. In 1978, total membership in U.S. trade unions and professional associations was 22,798,000, the highest in the country's history. However, membership has been growing more slowly than the workforce. Unions now represent about 22.2 percent of all U.S. workers; in 1945 that figure was 35.5 percent.

The service industries, which have enjoyed a steady increase in employment, have been more difficult to organize. Industries such as steel, auto, and aircraft are heavily organized.

Union membership has expanded in the public services. In 1978, an estimated 40 percent of public employees belonged to unions.

The national trade union center is the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) which was formed in 1955. The merger then of the AFL and the CIO ended a 20-year split in the American labor movement.

In 1979 the AFL-CIO had affiliated 104 national and international unions with a total membership of 16,982,000 including 1,405,000 in Canada. Many U.S. unions are called "international unions" because they have locals operating in Canada.

The AFL-CIO is a decentralized organization whose affiliate are autonomous. They are self-governing, formulate their own policies, strategies, structure, dues, bargaining programs, and services to their members.

To affiliate, a union must conform to the AFL-CIO constitution which requires:

Freedom from control by either Communists, Fascists, or other totalitarians; and

Agreement to submit jurisdictional disputes with other AFL-

CIO affiliates to mediation and judicial processes instituted by the AFL-CIO.

In the states and localities there are 51 State federations (including Puerto Rico) and 741 local, city, and county central bodies conducting legislative, political, and community activities.

The AFL-CIO is labor's principal spokesman. Its representatives are in action at every legislative session, be it Congress, State legislature, or country or city council. It maintains professionally staffed administrative departments or civil rights, community services, education, information, international affairs, legislation, occupational safety and health, research, social security, and a residential school. All provide affiliated unions with assistance and information.

On civil rights issues the AFL-CIO has worked with a coalition of labor, religious, ethnic, and women's organizations to break barriers to equality for minorities.

AFL-CIO affiliates are active in community affairs. Thousands of full-time, part-time, or volunteer staffers serve on community health and welfare agencies and school boards and raise funds for social purposes.

In international affairs, the AFL-CIO aids and supports unions in non-Communist countries. It maintains auxiliary organizations to work with unions in Latin America, Asia, and Africa. It helps train their organizers and negotiators, and to develop housing projects credit unions, health clinics, and other institutions needed in a democratic society.

In 1949 the American Federation of Labor joined with other free trade unions in establishing the International Confederation of Free Trade Unions but disaffiliated in 1969 in a dispute over policy. Sixty AFL-CIO affiliates are members of International Trade Secretariats.

The AFL-CIO Committee for Political Education (COPE) is the center for labor's political activities. It conducts nonpartisan campaigns to register union members so they qualify to vote and at election time works to get out the vote. COPE and its local counterparts contribute cash and manpower to candidates it supports. COPE is financed through voluntary contributions by union members since the Taft-Hartley Act forbids the use of union funds in Federal elections. The law does permit collective agreements to provide for regular payroll deductions (checkoff) for contributions to COPE. Individual workers have the right to withdraw from the checkoff.

U.S. unions are proud of their independence of any political party. They deal with the major parties much as they deal with employers—by bargaining on issues and offering labor support at election time in return for the candidates' commitments on key issues.

Although socialist workers parties and self-styled labor parties exist they have little or no union support. U.S. union leaders have not attempted to form a labor party. The existing two-party system of Democrats and Republicans is deeply rooted. Both the Federal Constitution and State laws make it administratively and financially difficult for a new party to get its candidates listed on the ballot, much less attract a majority of voters.

Among the unions and associations not affiliated with the AFL-CIO or any other federation are : the National Education Association with 1,696,500 members, the International Brotherhood of Teamsters with 1,924,000 members, the United Automobile Workers Union (UAW) with 1.5 million members, the United Mine Workers of America with 308,000 members, the United Electrical Workers with 166,000 members, and the Longshoremen's and Warehousemen's Union with 55,000 members.

Unaffiliated unions operate much like those affiliated with the AFL-CIO. On legislation and in election campaigns they often coordinate with the AFL-CIO to present a common front.

Employer Organizations. The Business Round Table is both the newest and most influential organization representing American business. Its activities cover most aspects of the economy, including, in addition to labor relations, such matters as antitrust legislation, energy, environment, foreign investment, international trade, taxation, inflation, and government regulation of business.

The Business Round Table does not disclose membership but is credited with about 190 members, nearly all executive officers of the nation's largest corporations. It has ample financial resources and ready access to members of the legislative and executive branches of government at all levels. It has ties to other corporate organizations, including the National Association of Manufacturers, the U.S. Chamber of Commerce, the Committee for Economic Development, and the Conference Board.

The Business Round Table has financed employers' court suits involving vital issues of labor law; and organized a country-wide effort to repeal the Davis-Bacon Act, which requires emplo-

yers to pay prevailing wages on federally financed construction work. It also led the successful opposition to a labor law reform bill in 1978. The labor law amendment had been sought by organised labor and supported by the President.

The National Association of Manufacturers (NAM) is another important national voice for American industry. It has over 12,000 corporate members with 15.3 million employees. Like the Business Round Table the NAM does not engage in collective bargaining. It does train management in methods of resisting union organization of employees. Its lobbying organization warns management of impending legislation considered harmful to business interests. NAM representatives testify on behalf of their members before Congress and other legislative bodies. It has ties to more than 250 local and State management associations.

The NAM has supported State so-called "Right-to-Work" laws which forbid any contractual provisions requiring union membership. In 1977, the NAM established a Council for a Union-Free Environment which union leaders labeled an effort to destroy the organised labor movement.

Chambers of commerce are private business associations organized on a local, regional, and statewide basis. The U.S. Chamber of Commerce has about 3,800 association affiliates plus more than 71,000 corporate members. Seventy percent of the member firms have fewer than 50 employees. Chamber offices located abroad also belong to the U.S. Chamber of Commerce.

The U.S. Chamber of Commerce is a leadership and service organization. It formulates policies for management on national and international issues and makes them known to government, legislative bodies, and the public. It has established 2,300 local Congressional Action Committees, each with 25 to 35 members. Much effort goes into equipping the members of these committees with information and skills to perform their tasks effectively.

Its political arm is the National Chamber Alliance for Politics, a political action group serving as a clearing house for information on political candidates.

Other employer organizations deal primarily with collective bargaining. They include:

Associated General Contractors
Clothing Manufacturers Association of the USA
Bituminous Coal Operators Association

National Dress Manufacturers Association
Council of North Atlantic Shipping Association
Pacific Maritime Association
National Railway Labor Conference

In many industries employers negotiate with trade unions through local, areawide associations, establishing uniform wages and working conditions.

Many American business organizations are active in election campaigns. An estimated 800 corporate and 500 trade association political action committees raise funds to support or oppose candidates for political office.

Labor-Management Relations. Three major acts of Congress govern labor-management relations;

(1) *The National Labor Relation Act of 1935* protects the rights of workers to organize !nto unions of their own choosing and to bargain collectively. Its objective is to promote economic stability and peaceful industrial relations. The law defined unfair labor practices forbidden to employers. Employers cannot legally encourage or discourage union membership, discriminate in hiring and firing because of union membership, or refuse to bargain with unions in good faith. A National Labor Relations Board enforces the act. It also conducts employee elections to determine the appro priate agent for collective bargaining negotiations. The union thus chosen by a majority vote becomes the exclusive representative with a duty to bargain for all employees in the unit.

(2) *The Labor Management Relations Act of 1947* imposes upon labor organizations a similar code of behavior, listing certain practices forbidden to unions. Unions cannot legally coere-employees in their choice of a union representative, pressure employers to favor or oppose union membership, engage in secondary boycotts (pressure on employers' customers who are not otherwise parties to the disputes) or in jurisdictional strikes with other unions, or refuse to bargain in good faith.

In 1979, 4,573 complaints of unfair labor practices were filed against employers, 724 against unions, 112 against both.

(3) *The Labor Management Reporting and Disclosure Act of 1959*

requires labor and employer organizations to file annual financial reports with the Government. Reports are open to public inspection. The act requires union constitutions to prescribe rules for the nomination and election of union officers and authorizes the Department of Labor to investigate charges that union rules have been violated and to prosecute offenders.

With nearly 70,000 union organizations regularly electing officers, the Department acted on fewer than 70 cases a year involving complaints of election irregularities from 1965 to 1977.

Collective Bargaining. Though the Government regulates many conditions of employment, notably minimum wages, job safety and health, pensions, and hiring practices, the principal method for determining overall working conditions remains collective bargaining, not legislation. Negotiations are usually decentralized, covering a single plant, corporation, or area. This gives rank-and-file members opportunity to voice their needs and desires when proposals are formulated. The members have final say on the settlement since most union constitutions require members to vote approval before agreements can be signed.

Some unions bargain on an industrywide basis. Where several unions represent employees in different plants of the same corporation, they often coordinate their bargaining proposals and strategy, sometimes sitting together in negotiations but concluding separate agreements.

The Department of Labor estimates that 177,715 collective agreements between unions and employers were in existence in 1978.

American unions have a voice in the shop or plant on all matters affecting employees. No works council legislation exists and therefore there is no dual structure. Shop stewards are elected or appointed by the union and are the first level of union authority.

Collective contracts are complex and extensive since they cover many issues regulated by law in other industrialized countries. In addition to wages, hours, and job classifications, agreements typically deal with:

- Overtime pay, premium pay, longevity pay; separation pay; guaranteed annual income, and other guaranteed employment provisions; cost-of-living adjustments;

- Paid holidays and vacations; leaves of absences; grievance procedures; medical benefits, dental and eye care benefits; dismissal notices and layoffs; inter-plant transfers; union security; dues checkoff;
- Life insurance; supplementary pension, disability and unemployment benefits; prepaid legal services; limits on subcontracting; and protection of employees with seniority in cases of layoffs, reductions in force, or work transfers.

No provision in American law extends wage rates or other provisions of collective agreements to firms not parties to the negotiations—an arrangement common in many countries.

Union agreements usually run for 2 or 3 years during which both sides are committed to refrain from strikes and lockouts.

Disputes may arise over interpretation of contracts (rights or legal disputes) or over the terms of a new contract (economic or interest disputes). Rights disputes are settled mostly by grievance machinery set up in the collective agreement. An estimated 85 percent of all agreements provide for private, binding arbitration as the final step in the grievance procedure.

Except in the public sector, economic disputes dealing with wages and other money matters are seldom referred to arbitration, both labor and management preferring in most instances to test their economic strength in strikes or lockouts. In 1978 some 4,230 strikes involving 1 million workers were reported. Workdays lost totalled 36 million or 0.17 percent of the estimated working time. Days lost per 1,000 workers amounted to 438. That compares with 840 days lost in 1978 per 1,000 workers in Canada, 628 in Italy, 421 in the United Kingdom, 206 in West Germany and 1 in the Netherlands.

Although the Federal Government pursues a policy of noninterference in collective bargaining negotiations, the Federal Mediation and Conciliation Service (FMCS) furnishes experienced mediators in disputes and maintains a roster of qualified private arbitrators. They assist the parties in any dispute. Through its "Relationship by Objective" program, the FMCS tries to persuade employers and unions, beset by constant friction, to examine their policies and adopt goals to overcome their difficulties. Finally, FMCS sponsors the establishment of joint labor-management committees and brings together business and labor representatives in annual conferences to discuss problems and

share experiences.

In 1978, FMCS was involved in more than 20,000 labor-management negotiations and, on request of the parties, supplied arbitrators for final and binding settlements of 12,527 grievance disputes.

The Government can intervene in disputes which may "imperil the nation's health and safety." The President may seek an injunction to postpone a strike for 80 days' during which the parties are required to continue negotiations and the strikers to vote on the employer's "final" offer. If the "cooling off" period fails to produce an agreement the President must submit to the Congress a report on the dispute which may include recommendations for settling the dispute. Presidents have sought such injunctions 34 times in 32 years.

In the public sector, unionization and collective bargaining are relatively recent. The 1935 and 1947 Acts excluded employees of the Federal, State, and local governments from coverage. Public emyloyee unions worked mainly through lobbying and electioneering.

Since the early 1960s, Presidential Executive Orders have extended to Federal employees procedures for the elections of unions with exclusive representation rights and for collective bargaining. These orders recognized the right of Federal employees to organize and to bargain with Federal agencies on such matters as personnel policies, grievances, and other working conditions.

The Civil Service Reform Act of 1978 wrote into law most provisions of the Executive orders. It established a Federal Labor Relations Authority to conduct union representation elections among Federal employees, protect Federal employees' right to organize and bargain collectively, and to arbitrate disputes which an agency and a union are unable to settle. Strikes by employees in most Federal agencies are illegal. The Postal Service and several other government corporations have the right to strike.

In State and local governments the rights of public employees vary. Forty-four States have laws similar to the Executive orders. In countries and cities the attitudes of public officials range from opposition to unionization and collective bargaining to full acceptance of both. Nineteen states have laws requiring binding arbitration of disputes involving public employees, generally for police and fire services.

Social Security

The Social Security Act is administered by the Department of Health and Human Services (formerly Health, Education, and Welfare).

Old age pensions are paid at age 65, or at a reduced rate at age 62. Amounts are adjusted annually in line with changes in the cost of living. Additional payments are made for spouses and minor or invalid children.

Survivors benefits are paid to widows or widowers of an insured wage earner, regardless of the age of the deceased, and to minor or invalid children of the deceased.

Disability insurance provides benefits to totally disabled wage earners under 65 who meet both medical and work-capacity requirements. They must be willing to enter vocational rehabilitation programs.

Health insurance (Medicare) covers persons over 65 and persons who have been disabled for at least 2 years. It pays for most of the care in hospitals and related services, home visits by nurses, physical therapists, home health aids and services of other health workers. At a small cost to pensioners, medicare insurance will also pay for part of the doctor bills and related services.

Unemployment compensation is administered by each State, with the Federal Government setting standards. The system is financed by a Federal tax on payrolls and by the Federal Treasury.

XV

Law for Workers Control of Industry

in

YUGOSLAVIA

The Yugoslav National Assembly on June 27, 1950, adopted unanimously a bill introducing direct workers control and management of all industries. The legislation laid down as a basic principle that 'all factories, mines, transport, commercial, agricultural, forestry, communal and other state industrial, enterprises, as the common property of the whole nation" were to be administered by their working staffs within the framework of the state economic plan, and that this would be realised through workers councils and management boards elected by the working staff of the enterprise or association concerned, and through managers who would be in charge of "the production and business of an enterprise and the "working and business" of a higher industrial association. A summary of the law is given below:

Workers Council. These bodies will be elected and will consist of 15 to 120 members, depending on the size and structure of the enterprise, except in those with less than 30 workers where the whole staff together will constitute the workers councils. Their duties will be (a) to draw up basic plans and the annual balance sheets (b) to make decisions concerning the management of the enterprise and the realisation of the production plan (c) to appoint and dismiss the management board of the enterprise, or individual members of the board (d) to draft the rules of the enterprise subject to confirmation by the Management Board of a higher Industrial organization or the competent state organ (e) to approve the working reports of the Managing Board and consider individual measures both of the latter and of the responsible state organ, passing on its conclusions and (f) "to distribute that portion of the accumulation of the industry

(i.e.) profits which remained at the disposal of the industry or of the working staff."

The Workers Council will choose their own Chairmen, meet at least once every six weeks, and take decisions by a majority vote of those present. The managers and other members of the management Board will attend all meetings of the Workers Council to answer any questions put to them.

Management Boards. These bodies will be elected by the workers Councils and will be responsible to it. It will consist of 3 to 17 members (incl. the manager) depending on the size and structure of the enterprise, at least three quarters of whom "must be workers engaged directly in production", the others being chosen from among the technical and engineering personnel and other employees. They will be elected for one year, and may include no more than one third of the members of the previous years Boards, and none who had been members during the two preceding years. Board members will not leave their ordinary duties in the enterprise, and cannot, during their period of office, be refused a labour or service agreement or be transferred elsewhere without their consent, whilst engaged in the business of the Board they will receive no payment but will be reimbursed for any earnings lost.

The task of the management Board will be to draw up proposals for the basic plans of the enterprise and generally supervise its work with regard to production, internal organization, and the training, pay, promotion and standard of living of the workers. Decisions of the Board will be by a majority of those present, but any member disagreeing with a decision may communicate his observations to the Management Board of a higher industrial organization, or to the Workers Council of the enterprise. The Management Board of an enterprise has, both the right and the duty to submit to the responsible State organ its objections or observations concerning any decisions or directives of the Managing Boards of a higher Industrial Association, which it considers not in conformity with the law or detrimental to the interests of the enterprise concerned.

Manager of enterprises. The Manager, appointed by a Management Board of a higher industrial association, or by a competent State organ if the enterprise is not associated will be an ex-officio member of the Management Board of the enterprise, will organise the work and control the realization of the plan and the business of the enterprise, will represent the enterprise in

dealing with state organs and in its legal relations, with other parties, and will employ workers, dismiss them (subject to their appeal to the Management Board and Higher Industrial associations.

The Working Council of a higher industrial organization will consist of 30 to 200 members, chosen by the working staffs of all the associated enterprises, in proportion to their constituent members, the Management Boards will have 5 to 15 members, inclusive of the Managers, at least three quarters of whom the workers engaged directly in production, and the Manager will be appointed by the President of the Federal National Assembly or the Presidium of the National Assembly of a Federation Republic or by a Peoples Committee.

The methods of election of these Workers Council and Management Boards and also the position and powers of the Manager will be prescribed by a special law.

Explaining the new law, Marshal Tito declared that the State ownership was 'a lower form of social ownership' and not as the Soviet leaders thought, the highest, and that henceforth State ownership of factories, mines and railways in Yugoslavia would gradually be transformed into "a higher form of Socialist ownership" giving all workers the opportunity to gain experience in managing their various enterprises.

Prior to the Cominform resolution, he said, the Yugoslav Communist Party had "cultivated too many illusions, and had accepted, and tried to transplant into our country with too little criticism, what was being done and the way it was being done in the Soviet Union, even things not in harmony with our own specific conditions or jn the spirit of the teachings of Marxism-Leninism". Now, however, they were building up socialism in Yugoslavia "guided solely by the science of Marxism, and taking account of the specific conditions existing in the country". He insisted that Marx, Engles, and Lenin contained mainly answers to questions of basic principles and that the elaboration and application of those principles in any country could be accomplished "only by those who have grown out of the bossom of that country, who know its problems inside out, who know its history, its customs, its weaknesses, and its strong points, who are in a position to follow every development closely, on the spot, but who at the same time are instructed in the Marxist approach and are able to apply it to reality.

The passing of the new law, Marshal Tito declared, would

be the most important act of the National Assembly after the adoption of the law for the nationalization of the means of production and was its logical complement if they really meant to achieve socialism and fulfilled their twin aims of "the factories to the workers" and 'the land to the peasants'. Past practice in all countries had been to segregate those who "worked" and those who "managed", the latter having been invariably appointed from outside the actual enterprise, a tendency which had been still more intensified in nationalised industry, where the management had been controlled from a distant centre through appointed officials. Under the new law, however, everything in the vital processes of production would be in the hands of the actual workers engaged in the industry and 'a higher state of democratic socialism would at the same time "eliminate bureaucratic tendencies and raise the body of the nation to a higher level of work and of culture, by training workers in the only genuine school, that of practical management." Whoever thought that the workers would be incapable of mastering the complicated technique of managing factories and other enterprises was mistaken, Marshal Tito added, but the workers would gain the necessary experience only in the actual work of managing since to wait until all the workers are fully experienced would mean waiting "an infinitely long time". They would learn not only the general principles of management, such as the most economic use of raw materials and labour and the principles of planned capital reserves but become acquainted with the need to increase the productivity of their own labour and learn working discipline. Here, concluded, Marshal Tito, is the answer to those in the West who have much to say about us having no real democracy and of our country being a Police State. We are working towards having those who do the work enjoy the fruit of their labour, and therein is the material essence of our democracy.

The Socialists stem in Yugoslavia was founded on social ownership of the means of production, emancipation of labour. "the right of man" to enjoy the fruits of his work and of the material progress of the social community in accordance with the principle "from each according to his abilities, to each according to his work." Self-management of the working people in the working organization; democratic political relations, equality of rights, duties and responsibilities and economic and social security.

The Socialist Alliance of the working people of Yugoslavia

was "the broadest base of social, political activity and social self government of working people. . . The leading ideological role was played by the League of Communists, described as the leading organised force of the working class and working people in the development of socialism" and the prime mover of the political activity necessary to protect and promote the achievements of the socialist revolution and socialist social relations and especially to strengthen the socialist social and democratic consciousness of the people. An important role in social self government was played by the trade unions.

Internally, the Constitution was intended to bring about the development of social relations in which the communist principle "From each according to his abilities, to each according to his needs" will be realised. To this end the government bodies, organizations and citizens were enjoined, in all their activities to develop the productive forces; "to create conditions in which the social, economic differences between intellectual and physical work will be eliminated and in which human work will become an even fuller expression of creativeness and of the human personality.

The social and economic system

The basis of the social and economic system of Yugoslavia, the constitution stated "is free associated labour performed with socially owned means of production and workers self government in production and distribution of the social product in working organizations and the community. Labour and the result of the labour union determine man's material and social position. No one may directly or indirectly gain material or other benefit by exploiting the labour of others. The means of production and the other means of socially organised work, as well as material and other resources, are social property.

Self government in the working organizations included the right of the working people to manage their respective organization directly or through bodies elected by themselves to organise production or other activity and to decide about the expansion of the organisation; to distribute the income of the organization; to regulate working conditions; and to decide whether or not to associate with other working organizations. Any act violating the working peoples right of self-govt. would be unconstitutional.

Working organizations, after providing themselves to renew

the value of their resources expended in work, apportioned part of their income to the expansion of their production and part to the satisfaction of the personal and commcn needs of their working people. Every member of a working organization was entitled to a personal income proportionate to the results of his work, and to the work of his department and of the working organization as a whole.

Working organizations might be founded as an economic enterprise or as an organization for activities in the fields of education, science, culture, health or social welfare. Persons engaged in independent cultural, professional, or other activities might form working communities with the same status as the working organizations.

The working organization was an "independedent and autonomous organization, constituted a legal entity, and possessed certain rights in relation to the socially-owned means managed by it; it could not be deprived of these rights nor could they be restricted unless required by the general interests as determined by the Federal Law in accordance with procedure prescribed by law and with equivalent compensation. Working organizations might form business corporations and might also associate and cooperate with each other.

Workers organized on a voluntary basis in Trade Unions as the broadest organization of the working class, shall strive to realise the constitutionally defined statutes of the working class, achieve socialist self management relations and the decisive role of the workers in the management of social reproduction realise the interests and self management and other rights of workers in all fields of work and life, ensure equality among workers in the pooling of labour and resources, the acquisition and distribution of income and the determination of common scales for distribution according to the results of labour ensure self-management linkage and integration of various fields of social labour, further the development of productive forces, of society and the raising of labour productivity; guide self-management adjustment of individual, common and general social interests; take care of workers and their training for the programme of self-management and other social functions, ensure democratic proposition and determination of candidates for delegates to managing bodies in organizations of associated labour and other self-managing organizations and communities, and of candidates for delegations in those organizations and communities and for

delegates to the assemblies of the socio political communities; ensure the broadest possible participation of workers in the exercise of the positions of power and management of other social affairs realise the interests of the working class in cadre policy, protect workers rights, ensure workers social security, the development, of their standards of living, and the development strengthening of solidarity and the raising of the class consciousness and responsibilities among self managers.

Trade Unions shall initiate self management agreements and social compacts and take direct part in their negotiations. They shall submit proposals to the managing bodies of self-managing organizations and committees, the assemblies of the socio-political communities and other state and social agencies concerning the solutions of questions relating to the economic and social problem and social position of the working class.

Chapter II

The Foundations of the Socio-Political System

Article 88

Power and management of other social affairs shall be vested in the working class and all working people.

The working class and all working people shall exercise power and management of other social affairs organised in organizations of associated labour, other self-managing organizations and communities and in class and other socio political and social organizations.

Article 159

The right to work shall be guaranteed. Rights acquired on account of labour shall be inalienable.

All those who manage or dispose of social resources, and socio political communities shall be bound to create increasing favourable conditions for the realization of the right to work.

The social community shall create conditions for the vocational rehabilitation of citizens who are not fully able to work and also conditions for their adequate employment.

The right to relief during temporary unemployment shall be guaranteed, subject to conditions spelled out by statute.

A worker may be dismissed from his job against his will only under conditions and in the way specified by statute.

Whoever will not work, although he is fit for work, shall not enjoy the right and protection due to him on account of labour.

Article 160

Freedom to work is guaranteed. Everyone shall be free to choose his occupation and job.

Every citizen shall have access on equal terms to every job and every function in society.

Forced labour is prohibited.

Article 162

Workers shall be entitled to limited working hours.

Workers shall not work for more than 42 hours a week. In certain activities and in certain cases it may be provided by statute that the working time can, for a limited period, exceed 42 hours a week, if so required by the nature of work or exceptfonal circumstances.

Conditions for still shorter working hours may be laid down by statute.

Workers shall be entitled to daily and weekly rest and to an annual holiday with pay of not less than eighteen working days.

Workers shall have the right to health and other kinds of care and personal security in work.

Young people, women and disabled persons shall enjoy special care.

Article 163

The right of workers to social security shall be ensured through obligatory insurance based on the principles of reciprocity and solidarity and past labour, in self-managing communities of interests, on the basis of contributions collected from income of organizations of associated labour, or contributions collected on resources of other organizations or communities in which they work; on the basis of this insurance the workers shall have, in conformity with statute, the right of health care and

other benefits in the case of illness, child birth benefits, benefits in the case of dimunition or loss of working capacity, unemployment and old age and other social security benefits and for their dependents, the right to health care, survivors' pensions and other social security benefits.

Social security benefits for working people and citizens who are not covered by the compulsory social insurance scheme shall be regulated by statute on the principles of reciprocity, and solidarity.

New Constitution

The new constitution of Yugoslavia was adopted by the Chamber of Nationalities on Jan. 22, 1974 and by the other Chambers of the Federal Assembly on Jan. 30-31.

Among the various changes introduced by the new constitution were the following:

(1) The replacement of the existing five chambers of the Federal Parliament (the Chamber of Nationalities and the four "Chambers of Working Communities" by two chambers—the Federal Chamber and the Chamber of Republics and Provinces.

(2) The introduction of a Complicated "delegation system" of representation at all levels. Whereas, for instance, under the previous constitution the socio politico chamber of the Federal Assembly had been directly elected by the citizens, the Federal Chamber of the new assembly would be composed of delegates of self managing organizations and communities and of socio-politico organizations while the chamber of republics and provinces would consist of delegates of the republican and provincial assemblies. The main provisions of the constitution dealing directly with the political structure of the country, and differing significantly from those of the 1963 constitution and the subsequent amendments to it, are summarised below insofar as they directly affect the working class.

The Assembly System. Working people in basic self-managing organizations and communities and in socio-political organizations i.e. the LCY, the socialist Alliance, (the Communist dominated mass movement), the Federation of Trade Unions, the War Veterans. Federations, and the Youth League, would form delegations for the purpose of the direct exercise of their rights, duties and responsibilities and of organised participation in the performance of the functions of the assemblies of the

socio politico-communities. Members of the delegations would be elected by the working people in basic self managing organizations and communities from among members of those organizations and communities by secret ballot. The composition of delegations must be such as to ensure adequate representations of workers in all phases of the labour process and to correspond to the social composition of the organization or community concerned. Members of delegations would be elected for a term of four years, and no one might be elected a member of a delegation to the same organization or community for more than two consecutive terms.

In view of certain "excessive" price increases the Federal Executive Council decided on August 3, 1965, to place the charges of municipality-owned utilities, rents and domestic electricity supplies under the temporary control of the Federal Office for Prices.

In order to maintain the general standard of living, enterprises were recommended to increase personal earnings, "wherever justified and economically possible", in some branches of the economy, however, where earnings were high in relation to the average because of advantages derived from the earlier system of prices and distribution, it would be unjust to increase earnings to compensate fully for the rise in the cost of living.

Economic and Social Reforms

Important legislative measures relating to the management of industry, minimum wages, economic organisations and nationalisation of dwellings were approved by the Yugoslav Federal People's Assembly in December, 1958.

Allocation of profits of Enterprises. The Assembly adopted four basic laws on the allocation of the earnings of economic enterprises, which had previously been regulated by decree under the new system, enterprises were required to pay a percentage contribution to the Federation on the total value of their capital and operating assets (certain types of enterprises being exempt) and contributions to the investment funds of the local authorities (People's Committees) the Republic and the Federation. When an enterprise had met these obligations, paid for its raw materials, etc., and made provision for the replacement

of obsolete equipment, the net profit remaining would be divided between its funds (the capital assets, operating assets, reserve, and common expenditure funds) and the personal income of the employees.

Each enterprise was required to establish how far its net profit for the previous year had been derived from the efforts of the employees (i.e.) from productivity of labour, economies etc.) and how far from the market situation and general business conditions. Profits derived from the former source would be allocated to the employees income, and those derived from the latter source to the enterprises funds. This allocation would be decided on by the elected workers' Council of the enterprise concerned; the council of Producers of the local People's Committee might intervene, however, if a workers council departed from the principles of sound economy in making such allocations.

Minimum Wage Law: Minimum Wages were fixed by another law adopted by the Assembly, all enterprises being divided for this purpose into ten categories according to the hardness or danger of the works and other considerations. In addition to the minimum wage, workers could also receive bonuses for exceeding production standards and payments from the enterprise's supplementary Salary Fund, the amount depending on the net income accruing to the enterprise concerned.

Recently, The YUGOSLAV LIFE, carried an article by Dr. Dusan Juric, entitled "Thirty Years of Workers' Council," where the author shows how the years of self-management turned Yugoslavia into a huge construction site of new factories, roads, settlements, towns etc., Every republic, province, city, village has some new project, making the life of the local people richer and nicer. He adds, "In the 1950 and later years, the portion of income freely disposed of by producers in factory was only too modest (2 fo 16 per cent). Today it amounts to about 70 per cent, or an overwhelming part of income generated by worers through their labour and mangement. It also suggests the perspective and the impact of self-mangement development concerning the humanization of man, the construction of a new and more humane society, and the creation of an empire of freedom."

XVI

The Saga of the perpetual struggle against internal dissensions in the People's Republic of CHINA

"The constitution of a Communist State is not intended to be an enduring document, but rather a temporary programmatic instrument written to serve the purposes of the State during a certain stage of its progress toward the ultimate goal of communism." "Constitutions of the countries of the World, published by OCEANA Publications Inc., Dobbs Ferry, New York, 1973 ed).

The above quotation has been extracted from an article appended to the section on the Constitution of the People's Republic of China. The object in doing so is to give an idea to the readers about the sanctity that is attached to any of the written clauses of the Constitution in those countries. No wonder, then, that even if we strove to look for what may be called a facade of "Industrial Relations in China", or, for that matter, any other Communist country, it would prove to be a wild goose chase. That being the case, and since this whole exercise is intended to present a comparative picture of the mere framework that exists in the various industrially advanced countries to enable us to know for ourselves the real purpose of the Industrial Relations machinery viz. to increase national production and to eliminate all that stands in its way so that conditions are created that would be conducive to that ideal. That being the case, for the Communist countries what is of consequence is not the outward form but the net result that would accrue from it.

With this background, an endeavour was begun to go through all the available material on China and to glean from it relevant passages that would throw some light on the conditions of labour and national productivity in China. The most striking facet of this study has revealed that everything there is regarded as subservient to political expediency. Let us now begin with some relevant extracts on the subject :—

"Since its official proclamation on October 1, 1949, the People's Republic of China (PRC) has promulgated two national Constitutions, that of Sep. 20, 1954, and that of Jan. 17, 1975.

. . .On Nov. 7, 1931, the first All China Soviet Congress adopted the "General Principles of the Constitution of the Chinese Soviet Republic". It was declared to be the purpose of the Chinese Soviet Republic "to guarantee the democratic dictatorship of the Proletariat and peasantry in the Soviet districts and to secure the triumph of the dictatorship throughout the whole of China." In this dictatorship all power was to be vested in the All China Congress of Soviets of Workers, Peasants and Red Army Deputies.

. . .Only Workers, Peasants, Red Armymen and the entire toiling population had the right to vote. Capitalists, landlords, the gentry, militarists, reactionary officials t'u-hoo (local despots) monks, and all exploiting and counter revolutionary elements were to be disenfranchised and deprived of the right to enjoy political freedom. These groups were not even deemed to be citizens of the Soviet Republic.

The same article has the following paragraph on labour— . . ."The Chinese Soviet Government sought improvement of the standards of living of the working class, passage of labour legislation, introduction of the eighthour working day, fixing a minimum wage, institution of social insurance and state assistance to the unemployed, and granting workers the right to control industry. Its agricultural policy was confiscation of the land of the landlords and subsequent distribution among the poor and middle peasants with a view towards the ultimate nationalisation of the land. A single progressive tax was to be introduced.

. . ."Workers, peasants and the toiling masses were gradually to be included in a system of compulsory universal military service. These three groups were also guaranteed freedom of speech, press and assembly. And, to these ends, they were granted the right to use printing shops, meeting halls, and similar establishments while all propaganda and similar activities by reactionaries were to be suppressed and all exploiters were to be deprived of all political liberties.

. . ."The Chinese Wages system is based on three separate scales, a 25 grade system for Party officials, and civil servants, a 15 grade system for engineers and technicians and an eight grade system for all other workers; in practice, however, the differentials are not wide by Western standards. Both wages and

prices have remained almost unchanged for 20 years, although production has doubled since 1965. Proposals put forward during the Cultural Revolution that differentials should be abolished were rejected as "ultra leftists, but the use of material incentives such as bonuses and piece rates was discontinued. The demand for greater equality was revived in the summer of 1974, during the anti-Confucian Campaign, when posters appeared in Peking advocating equal pay for workers and officials.

Changes in Wages Policy

The New China News Agency reported on Jan. 1, 1978 that about 64% of all workers and staff had been granted pay increases in the previous three moths of whom 45% had received rises computed on the basis of their wage scale and 18% had been granted rises because they had been granted too low for their jobs. The increases which in most cases were about 10% were the largest granted, since the revolution and affected the greatest number of people. A number of other concessions were granted at the same time, the tax on bicycle was abolished from Jan. 1, and in some cases creches and kindergartens became free.

The press emphasised during this period that pay should be based on the principle "to each according to his work" and defended the payment of piece rates and bonuses which had been attacked since the Cultural Revolution as material incentives.

Peking radio contended on Oct. 27, 1977, that the difference, between "material incentives" and "to each according to his work" was that the former put individual interests above everything whereas the latter "pays equal attention to the interests of the State, the Collectives and the individuals". The Tajung agency reported on Nov. 1 that a lively and sometimes heated discussion on the question of payment according to work performed was taking place in the Kwangming Daily and commented: "This is the first open and free discussion on one of the essential questions of socialism in the Chinese Press for many years."

"A People's Daily article of Nov. 22, (1977) on wages policy said, "It is imperative to put politics in command while using material incentives subsidiary... At present in China, the principle of 'to each according to his work' is effected

through work points, wages, subsidies, allowances and other forms. The diverse forms stem from the existence of the types of public ownership of the means of production, the different technical standards and levels of management in various departments and units, the different technical processes and varying demands on the workers physical and mental labour in various trades, and various problems concerning the development of the national economy. The hourly wage is highly practicable form of labour payment. However, it may produce unreasonable situations—such as egalitarianism or extremely sharp differences of payments if it is properly practised. . . The piecework system and the hourly wage systems are forms of labour payments which implement the principle of 'to each according to his work'. A system which combines the two and relies mainly on the hourly wage system while making the piecework system subsidiary is suited to the present conditions in our country. The use of necessary material rewards as a supplementary form of "to each according to his work" in given circumstances and within certain limits can make up for the weakness in basic forms of labour payments and help to implement better the principle 'to each according to his work'. Particularly under conditions where the hourly-wage system is practised and a comparatively long period of time is required for wage readjustment, correct use of rewards can promote production remarkedly when wages are relatively low in arousing socialistic enthusiasm among the masses and improving their livelihood.

Press reports suggested that the systems of payment varied greatly from one enterprise to another. A People's Daily editorial of April 9, 1979, commented that 'some of our leading cadres are still hesitant about implementing the principle of combining normal encouragement with material rewards with emphasis on the former and the principle "to each according to his work", and dare not restore the systems and methods which have proved to be effective and good in practice". Publicity was given to enterprises which had successfully operated a system of material incentives, such as Whampoa harbour, Canton, where the speed with which ships were loaded and unloaded had greatly increased since a piecework system was introduced in 1973. A Tanjung report of April 19 stated: "In recent months some 100 enterprises across China have introduced more stimulative forms of remuneration on an experimental basis. In Peking pay incentives are in operation in a number of work collectives.

Indications are that all enterprises are expected to switch to pay according to work by the end of June."

Serious disturbances apparently occurred in the autumn of 1974 in the industrial city of Wuhan. The local radio reported that mine workers had murdered an official who tried to stop them using the mines lorries to carry stones for private house building, and posters seen in the cities accused the authorities using military force against the workers in Nov. 1974.

. . .Strikes and rioting were known to have taken place in Wangchow, the capital of Chekiang, although few details were published.

. . .Apparently, as a concession to popular demands, the new Constitution adopted in Jan. 75, recognised (in Article 28) the right to strike. Mr. Chieng Chun Chiao told the National People's Congress that this provision had been introduced on Chairman Mao's proposal.

Article 28 of the New Constitution of 1975

". . .Citizens enjoy freedom of speech, correspondence, the press, assembly, association, procession, demonstration, and to freedom to strike and enjoy the freedom to believe in religion and freedom not to believe in religion and to propagate atheism.

. . .The citizens freedom of person and their homes shall be inviolable. No citizen may be arrested except by decision of a People's Court or with the sanction of a Public Security Organ."

Social Insurance. A Social Insurance scheme for workers on railways and in shipping, posts and tele-communications, and factories and mines employing over 100 workers came into force on March 1, 1951, and was extended on 2 March 1953 to "all those engaged in work of capital constructions in manufacturing, mining or transport enterprises, and in State-owned constructional complexes.

The Socialist Principle of "He who does not work, neither shall he eat" and "From each according to his ability, to each according to his work" is now the basis for industrial wage structure.

. . . ."China's industrial wage structure is based on an eight-grade classification which has prevailed since the wage reforms of 1956. It provides for a 3:1 to 4:1 wage span, which in some quite extreme cases may go up as high as 5:1. Super-imposed on this wage structure are rates for administrative, technical,

scientific and political cadres which start higher and rise above the top industrial wage. This widens the wage and salary span to about 7:1. At its extremes it may go as high as 13:1 or even 20:1. Clearly, these are quite sizable differentials. However, there are counterveiling forces at work which lead to a narrowing of this span, particularly at the extremes. Moreover, even at its extremes these wage and salary differentials are narrower than those prevailing in Republican China (1911-1949) or in many other underdeveloped countries.

Upward movement along this wage scale is apparently based on seniority, skill, performance, and political attitude. Thus wage and salary differentiation serves as an important spur to better and higher quality effort, that is, to raising labour productivity, unless seniority becomes the predominant criterion for promotion. On the other hand, wages play a very limited role as allocators of labor. This is evidenced by the fact that inter-industry and inter-regional wage differentiation is quite narrow and frequently based on cost of living differentials. It is also borne out by the fact that labour tends to be moved from place to place and sector to sector by assignment rather than by free movement.

Adoption of New Constitution

The Constitution of 1975 was further revised. Marshal Yeh Chien-ying, then Defence Minister, presented the new constitution to the Congress on March 1, 1978.

Marshal Yeh said that the 1975 constitution had been revised "to meet the needs of the new period in socialist revolution and construction", to "bring about great order across the land", and to "sum up the experience of our struggle against the gang of four, uproot its pernicious influence and consolidate and develop the achievements of the Cultural Revolution". The new constitution was intended "to give full play to socialist democracy", e.g. by adding specific provisions about the electoral system and the extension of the functions of the National People's Congress and the local people's congresses. It also demanded that state organs and personnel should maintain contact with the masses. In this connexion Marshal Yeh strongly criticized officials who ignored the masses, acted dictatorially or pursued their own comfort or personal gain, declaring that such officials would be "dealt with in accordance with party discipline

and the laws of the state."

Chairman Hua Kuo-fong. at the opening session of the Congress on February 26. said, "To promote production, we must appropriately raise the purchase prices of agricultural products and, as costs are cut down, properly reduce the prices of manufactured goods, especially those produced to support agriculture. . . It is necessary to develop the initiative of both the central and local authorities. While the former must have absolute control on major issues, power should devolve on the latter with respect to minor ones. . . While we must put our foot down on the tendency of the central departments to take too much upon themselves and hamper the local authorities' initiative, we must also oppose the tendency of regions or departments to attend only to their own individual interests to the neglect of the unified state plan. . . "

Turning to wages policy, he said, "While we should avoid a wide wage spread, we must also oppose equalitarianism and apply the principle of more pay for more work and less pay for less work. The enthusiasm of the masses cannot be aroused if no distinction is made between those who do more work and those who do less, between those who do a good job and those who do a poor one, and between those who work and those who don't. All people's communes and production brigades must seriously apply the system of fixed production quotas and calculation of work-points on the basis of work done, and must enforce the principle of equal pay for equal work irrespective of sex. The staff and workers of state enterprises should be paid primarily on a time-rate basis with piecework playing a secondary role, and with additional bonuses. There should be pecuniary allowances for jobs requiring higher labor intensity or performed under worse working conditions. . . As production rises, we must gradually improve the livelihood of the people, so that in normal harvest years 90 per cent of the commune members can receive a bigger income every year, and staff members and workers can have their wages increased step by step, provided that the state plan is fulfilled. . . "

The new constitution of 1978 has Four Chapters, and 60 articles. Chapter Three entitled "The fundamental Rights and Duties of Citizens" has 16 Articles, 44 to 59. Article 45 reads: "Citizens enjoy freedom of speech, correspondence, the press, assembly, association, procession, demonstration and the freedom to strike, and have the right to 'speak out freely, air their

views fully, hold great debates and write big-character posters'. Article 46 to 50 deal with the citizens right to believe in religion, freedom of person, the right to work, the right to rest and the right to material assistance in old age, and in case of illness or disability. Also the addition of a new Article (Article 10) is an important change towards the wage policy discussed above. Article 10 reads: "The state applies the socialist principle: 'He who does not work, neither shall he eat' and 'From each according to his ability, to each according to his work'. "Work is an honourable duty for every citizen able to work The State promotes socialist labour emulation, and, putting proletarian politics in command, it applies the policy of combining moral encouragement with material reward, with the stress on the former, in order to heighten the citizens' socialist enthusiasm and creativeness in work."

Additional Information

The executive of the All-China Federation of Trade Unions announced on April 25, 1978, that it would in October hold its first congress since 1957. A spokesman for the federation stated that the executive had not met since 1966 because of "disruption and sabotage by Lin Piao and the gang of four". It was subsequently announced that the All-China Womens' Federation would hold its first congress since 1957 in September and the communist youth League its first congress since 1964 in October.

All three organizations had been violently denounced during the Cultural Revolution and although subsequently reorganized had largely remained inactive. Each announced at the beginning of 1975 that it would hold a congress, but the political struggles within the party prevented this from taking place. The leadership of the three organizations was purged after the fall of the "gang of four", and the present leaders were mostly those who held office before the Cultural Revolution. All three bodies were represented at the February-March meeting of the National Committee of the Chinese peoples' political Consultative Conference.

XVII

Not means but the end which is the heart of the matter for Industrial Relations in the U. S. S. R.

Owing to the inavailability of material on industrial relations pertaining to the USSR, an effort had to be made to search for it from the various books on the Constitution of the USSR and this study is based on the Constitutions of 1936 and that of 1977.

In 1936, when what is known as the Stalin Constitution was promulgated, the USSR was still passing through a period of transition. The state of civil liberties was at an all time historical low. In spite of this reality, that Constitution talked about the various rights of the citizens. Some well wishers of the Soviet Union even described it as 'the most democratic constitution'. At any rate, it is a fact that the rate of industrial progress of USSR was spectacular after the adoption of this Constitution, though an element of totalitarianism had its own contribution to this process.

Under the provisions of the constitution of 1936, emphasis was placed on the following (1) employment with suitable compensation, (2) old age, sickness and disability insurance, (3) 'rest' or leisure, made possible by shortened working hours, (4) free elementary and higher education, (5) liberty to form trade unions, co-operative associations and youth organizations, (6) freedom of conscience and worship, and of 'anti-religious' although significantly not of 'religious', propaganda, (7) inviolability of person, residence, and correspondence, including freedom from arrest except with the sanction of a prosecutor or on decision of a Court, and (8) freedom of speech, press and assembly.

The putative rights which the Soviet citizens are said to enjoy carry with them specific duties. Among the duties set out

in the constitution, to observe the laws (Articles 130 to 133), are the following (1) to abide by the constitution, to observe the laws, to maintain labour discipline, honestly to perform public duties, and to respect the rules of socialist intercourse; (2) to safeguard and fortify public, socialist property; (3) to serve in the armed forces.

Arbitration Tribunals

The Soviet Union has given a great deal of attention to arbitration as a device for administering justice; under such a system the regular courts have been relieved of much of the burden associated with courts in the United States. The Labour Union maintains agencies for settling disputes over wages and conditions of labour. Other arbitration bodies handle cases arising out of the housing shortages. Some administration tribunals deal with disputes involving two or more state enterprises. Finally, there are arbitration boards to settle disputes arising within a single state enterprise.

During the war years the system was tightened up, and for a decade after the war a highly regimented arrangement was maintained. In 1940, workers were forbidden to leave their employment without permission. In 1942, a rule was adopted compelling every able bodied person within certain ages to perform labour, with all males from 16 to 55 and women from 16 to 50 years of age liable to be ordered to any jobs.

In 1956, the controls were relaxed somewhat and workers were again permitted more freedom. The harsh penalties attached to petty infractions of the rules were dropped. Grievance Committees have been established on a wide scale in the Soviet Union and handle a large number of cases of dis-satisfaction reported by the workers.

The Labour Unions have no function of bettering working conditions, getting shorter hours for the workers, or obtaining higher wages. Their function is to transmit party orders to the workers and to attempt to get more work and higher production for the proletariat."

The following extracts which have a bearing on the subject of Industrial Relations may serve as a useful background information on the dialogue that seemed to be going on in the Soviet Union all these years before the New Constitution of 1977 was approved by the Supreme Soviet. Relevant portions on Indus-

trial relations are being reproduced below:

Establishment of Party Control Commissions in Industrial enterprises

"The Communist Party Central Committee directed Party Cells inside industrial and trading enterprises on July 13, 1959, to form special commissions to implement the right of party organizations to control the activity of managements. These Commissions would be elected annually at Cell meetings, and would be responsible to the local party committee. They would constantly check on production targets, and the quality of output, and if their recommendations were ignored would have the right to carry their criticisms of managements to the central committee and the council of Ministers. They had no right to issue managerial orders, to cancel orders, issued by the management, or to replace the organs of the Central Commission, established in 1957, to supervise the work of industrial enterprises. Pravada had previously denounced the practice of 'giving presents' to officials, which, it said, "encouraged' the mutual hushing up of shortcomings and mistakes", and must be stamped out.

The Supreme Soviet elected on April 25, a Commission of 97 members, headed by Mr. Khrushchev, to draft a new constitution. Mr. Khrushchev said that the 1936 constitution did not correspond to the present stage of Soviet society in which, "the state of the dictatorship of the Proletariat has developed into a socialist state of the whole people, and proletarian democracy of all the people. He added that the new constitution should "raise socialist democracy on a still higher level, provide even more solid guarantees for the democratic rights and freedoms of the working people, guarantees of strict observance of socialist legality, and prepare the conditions for the transition to public communist self government."

Introduction of Seven Hour Working Day. Increased Output of Consumer Goods. Introduction of Higher Purchase System.

A Joint Statement issued on September 19, 1959, by the Soviet Council of Ministers, the Central Committee of the Com-

munist Party, and the All Soviet Central Council of Trade Unions announced that the working day would be reduced to seven hours for all factory and office employees, with a minimum working week of 41 hours, and to six hours for mines and other underground workers, with a minimum working week of 35 hours. The reduction would be introduced between October 1, 1959, and the end of 1960, and an increased minimum wage and revised wage scales would come into effect at the same time. A seven hour day for coal, iron and steel workers, and a six hour day for certain categories of miners had already been introduced during 1958-59.

A document entitled Draft Principles of Labour Legislation was published on October 7, by the Legislative Proposals Commissions of both Houses of the Supreme Soviet as a basis for public discussion, prior to its submission to the Supreme Soviets.

The Draft Principles guaranteed all Soviet citizens equality of rights in this sphere, irrespective of nationality or race. The maximum working day was fixed at four (4) hours for persons aged 15 to 16, six hours for those between 16 and 18 and seven hours for those over 18, and the maximum working week at 40 hours. All workers were guaranteed holidays with pay. Collective labour agreements, the document stated, would be concluded between the local trade union committee and the management, and could not be annulled by the latter without the consent of the factory or local trade union committee. No enterprise might be opened until the working conditions had been certified as safe and healthy by the Trade Union body concerned and by the state inspection agencies. Women might not be employed under conditions which might be injurious to health, and expectant mothers would be transferred temporarily to easier work, retaining their average wages. All employees would be covered by State Social Insurance, including free medical treatment, temporary sickness and disablement allowance and old age, disability and long service pensions. The social insurance funds would be made up of contributions paid by the enterprise without any deduction from wages.

Adoption of New Constitution by Supreme Soviet, Election of First Vice President of Presidium of the USSR Supreme Soviet

A new Constitution of the Soviet Union, which had been "basically approved by the Presidium of the Supreme Soviet" on May, 1977, and published on June 4, was after the incorporation of certain amendments, unanimously approved by the Supreme Soviet on October 7, when it replaced the 1936, "Stalin" Constitution.

On October 4, President Brezhnev, General Secretary of the Central Committee of the Communist Party of the Soviet Union, reported to the Supreme Soviet on the "The Draft Constitution (Fundamental Law) of the Union of Soviet Socialist Republics and the results of the discussion on it by the whole people.

Introducing the report, the President stated, "We are about to adopt the new Constitution on the eve of the 60th anniversary of the Great October Socialist Revolution. This is not just a case of two major events in the life of the country coinciding in time. The connection between them goes much deeper. The new constitution, it might be said, epitomises the whole 60 years of the Soviet State's development. It is striking evidence of the fact that the ideas proclaimed by the October revolution and Leninist precepts are being successfully translated into life.

In his report President Brezhnev stated that the discussion has involved over 140,000,000 men and women, or more than 80 per cent of the country's adult population; that the draft had been discussed at nearly 1,500,000 meetings of working people, and at 45,000 open party meetings at which more than 3,000,000 men and women had spoken; that about 400,000 proposals for amendments had been made; and that the constitutional commission recommended that 110 articles of the draft should be amended and one new article added.

Substantiating the commission's proposals on the most essential matters, the President said, inter alia, that at popular requests the citizens' duties laid down in the Constitution were to include the duty to "show concern for the people's wealth", the duty to "show concern for the housing allocated to them", and (in addition to the concern to be shown for the upbringing of children) also the duty "to care for the parents and to support them".

Dealing with the proposals which the Commission had not accepted, President Brezhnev said, "Some proposals have clearly run ahead of our time, failing to take account of the fact that the new Constitution is the fundamental law of a State at the stage of developed socialism and not of communism. We are living in accordance with the socialist principle of "from each according to his ability". With the present level of economic development and social consciousness, it is impossible to leap over it. That is why it is impossible, for instance, to accept proposals for the introduction of equal wages and pensions for everyone or for determining their size solely on the basis of a person's labour seniority, without taking account of standards of skill or the quality of workmanship.

Of the existing practice of working private plots of land and proposals "to abolish or sharply to limit" it, which does not involve exploitation, has at present a useful role to play in our economy. That is why, in our opinion comrades who propose that the constitution should emphasize that the Soviet and the collective farms shall assist citizens in running their subsidiary husbandries "for the purpose of profiteering" would have to be prevented by firm control to make "sure that the plots of land made available to citizens are used in a reasonable way for the benefit of society, and that the incomes from subsidiary husbandries and personal labour are in keeping with the principles of socialism".

Indicating that the discussion on the draft constitution had "developed into a frank and truly popular conversation on key aspects of our life which are of deep concern to our people", President Brezhnev disclosed that many letters had called for "a sterner drive against parasitism, deliberate breaches of labour discipline, heavy drinking and other anti-social phenomena", and that other letters had reported abuses, including cases of bribe-taking all of which would be "thoroughly checked for the purpose of taking the necessary steps, including punishment of the guilty persons."

. . . After outlining the economic progress made in the Soviet Union over the last 40 years, President Brezhnev added "As our experience has shown, the gradual development of the state of proletarian dictatorship into a state of the whole people is one of the results of the complete triumph of socialist social relations. Consequently the tasks of the state institutions, their structure, functions and work procedure should conform to the

stage attained in the development of society. The new constitution of the USSR ensures this conformity."

Further amendments to the draft constitution were mentioned by President Brezhnev in a speech made before the Supreme Soviet on October 7 :

These amendments included the addition of a statement to the effect that the Soviet Union was continuously improving the forms and methods of economic management and that the Soviet economy was developing with the active use not only of financial antonomy, profit and costing but also of "other economic levers and forms of encouragement." Also accepted was a proposal made by two women, one of them being Deputy Valentina V. Nikolayeva-Tereshkova, the cosmonaut, for the gradual reduction of the working-time of women bringing up small children.

The Preamble to the constitution has the following to say :

"In continuing their creative activity, the working people of the Soviet Union have secured the country's rapid and all-round development and the continuous improvement of the socialist system. The alliance of the working class, the collective farm peasantry and the people's intelligentsia and friendship of the nations and ethnic groups of the USSR have been consolidated. Socio-political and ideological unity has been achieved in Soviet Society, in which the working class is the leading force. Having fulfilled the tasks of the dictatorship of the proletariat, the Soviet state has become a state of the whole people. The leading role of the Communist Party, the vanguard of the whole people, has grown.

"A developed socialist society has been built in the USSR. At this stage, when socialism is developing on its own foundations, the creative forces of the new system and the advantages of the socialist way of life are being revealed more and more fully and the working people use the fruits of their great revolutionary gains to an increasing extent.

This is a society in which mighty productive forces and advanced science and culture have been created, in which the well-being of the people is constantly rising, and more and more favourable conditions are taking shape for the all-round development of the individual.

This is a society of mature socialist social relations, in which, on the basis of the drawing together of all classes and social strata and of the equality in law and in fact of all nations and ethnic groups and their fraternal co-operation, a new historical

community of people has been formed, the Soviet people.

This is a society in which the organization, ideological commitment and awareness of the working people, who are patriots and internationalists, have attained a high level.

This is a society in which the law of life is the concern of all for the welfare of each and the concern of each for the welfare of all.

This is a society of true democracy, the political system of which ensures the effective management of all social affairs, the increasingly active participation of the working people in state affairs and the combination of citizens' genuine rights and freedoms with their obligations and responsibility to society.

Developed socialist society is an objectively necessary stage on the road to communism.

The supreme goal of the Soviet State is the building of a classless communist society in which social, communist self-government will be developed. The principal tasks of the socialist state of the whole people are: to build the material and technical basis of communism, to perfect socialist social relations and transform them into communist relations, to mould the citizen of a communist society, to raise the material and cultural level of the working people, to ensure the country's security, to help strengthen peace and to promote international cooperation.

1. Principles of the Social Structure and Policy of the USSR

Chapter 1.—The Political System.

This Chapter has 9 articles, the relevent ones for our purpose being

Article 1. The Union of Soviet Socialist Republics is a socialist state of the whole people, expressing the will and interests of the workers, peasants, and intelligentsia, the working people of all the nations and ethnic groups of the country.

Article 2. All power in the USSR shall be vested in the people. The people shall exercise state power through the Soviets of People's Deputies, which constitute the political foundation of the USSR. All other organs of the state shall be under the control of and accountable to the Soviets of People's Deputies.

Article 3. The Soviet state shall be organised and shall

function in accordance with the principle of democratic centralism, electivity of all organs of state power from top to bottom, their accountability to the people, and mandatory fulfilment of the decisions of higher organs by lower organs. Democratic centralism shall combine central leadership with local initiative and creative activity, with the responsibility of each state organ and official for the work in hand.

Article 8. Work collectives shall take part in discussing and deciding state and public affairs, in planning production and social development, in training and placing cadres, and in discussing and deciding matters pertaining to the management enterprises and establishments, the improvement of working and living conditions, and the use of funds allocated both for developing production and for social and cultural purposes and material incentives.

Work collectives shall promote socialist competition, the spread of progressive methods of work and the strengthening of labour discipline, and educate their members in the spirit of communist morality and strive to enhance their political awareness, culture and professional qualifications.

Chapter 2.—The Economic System.

Article 10. The foundation of the economic system of the USSR shall be socialist ownership of the means of production in the form of state property—belonging to all the people and collective farm and co-operative property. Socialist ownership shall also embrace the property of the unions and other public organizations which they require to carry out their statutory purposes.

The state shall protect socialist property, and create conditions for its enlargement. Nobody shall have the right to use socialist property for personal gain or other selfish ends.

Article 11. State property, i.e. the common property of all the Soviet people, shall be the basic form of socialist property. The land, its mines, waters, and forests shall be the exclusive property of the state. The state shall have ownership of the basic means of production in industry, construction and agriculture, means of transport and communication, the banks, the property of trade, public utilities and other enterprises run by the state, the bulk of urban housing and other property necessary to state purposes.

Article 12. The property of collective farms and other co-operative organizations, and of their joint undertakings, shall be the means of production and other property which they require for the attainment of the statutory purposes. The land held by collective farms shall be secured to them for use free of charge in perpetuity.

The state shall facilitate the development of collective farm and co-operative ownership and its approximation to state ownership.

It shall be the duty of the collective farms, just as of other land owners to use land effectively, to take care of it, and to enhance its fertility.

Article 13. Earned incomes shall constitute the basis of the personal property of the citizens of the USSR. Personal property may include articles of daily use, personal consumption and convenience and of an ancillary domestic holding, a dwelling house, and earned savings. The personal property of citizens and the right to inherit it shall be protected by the state.

Citizens may have the use of plots of land, allocated under the procedure defined by law for an ancillary holding including the maintenance of livestock and poultry, horticulture and vegetable-growing, and also to the building of individual houses. Citizens shall be required to make rational use of the plots of land allocated to them. The state and collective farms shall provide assistance to citizens in working ancillary holdings.

Property in the personal ownership or use of citizens shall not serve as means of deriving unearned income or be used to the detriment of the interests of society.

Article 14. The labour, free from exploitation, of the Soviet people shall be the source of the growth of social wealth and of the welfare of the people, and of each Soviet person.

The state shall exercise control over the measure of labour and consumption in accordance with the principle of socialism: "From each according to his ability, to each according to his work". It shall determine the size of tax on taxable income.

Socially useful work and its results shall determine a person's status in society. By combining material and moral incentives, encouraging innovation and a creative attitude to work, the state shall help to turn labour into the prime need in life of every Soviet person.

Article 15. The supreme purpose of social production under socialism shall be the fullest possible satisfaction of the

people's growing material and spiritual requirements. Relying on the creative initiative of the working people, on socialist competition, on the achievements of scientific and technical progress, and improving the forms and methods of economic management the state shall ensure the growth of productivity, the enhancement of efficiency in production and of the quality of work and the dynamic, planned and proportionate development of the national economy.

Article 16. The economy of the USSR shall be an integral national economic complex embracing all elements of social production, distribution and exchange on the country's territory. The economy shall be managed on the basis of state plans for economic and social development with account taken of the sectoral and territorial principles and combining centralized management and the economic independence and initiative of enterprise associations and other organizations. Here effective use shall be made of financial autonomy, profit, prime cost and other economic levers and incentives.

Article 17. Individual labour by the population in handicrafts, agriculture and consumer services and likewise other forms of sctivity based exclusively on the individual labour of citizens and members of the families shall be permitted in the USSR in accordance with the law. The state shall regulate such individual labour activity, ensuring that it serves the interests of society.

Article 18 relates to the protection and rational use of land, minerals, water resources etc. to improve man's environment.

Chapter 3. Social Development and Culture

Article 19

The social basis of the USSR shall be the unbreakable alliance of the workers, peasants and intelligentsia.

The state shall promote the enhancement of society's social homogeneity—the erasing of class differences and of the substantial distinctions between town and country side and between labour by brain and by labour by hand and the all-round development and drawing together of all the national and ethnic groups of the USSR.

Article 20

In accordance with the communist ideal—"the free develop-

ment of each is the condition of the free development of all"—the state shall pursue the aim of expanding the actual possibilities for citizens to apply their creative strength, abilities and talent, for the all-round development of the individual.

Article 21

The state shall show concern for improving the conditions and protection of labour and its scientific organization, and for reducing and ultimately abolishing arduous physical labour through integrated mechanization and automation of production processes in all branches of the national economy.

Article 22

A programme of turning agricultural labour into a variant of industrial labour, of enlarging in rural localities the network of educational, cultural, medical and community services, trade and public utility institutions and transforming villages and hamlets into well-appointed settlements shall be consistently implemented in the USSR.

Article 23

The state shall steadfastly pursue the policy of raising the level of remuneration for labour and the real incomes of the working people in keeping with the growth of productivity.

Social consumption funds shall be created for the purpose of more fully satisfying the requirements of Soviet people. With the broad participation of public organizations and work collectives, the state shall ensure the growth and just distribution of these funds.

Article 24

In the U.S.S.R. state system of health protection, social security, trade and public catering, communal services and amenities and public utilities shall function and develop. The state shall encourage the work of co-operatives and other public organizations in all spheres of providing services for the population. It shall encourage the development of mass physical culture and sport.

Article 25

A uniform system of public education, providing general

education and vocational training for citizens, serving the communist upbringing and spiritual and physical development of young people, and training them for work and social activity, shall exist and be improved in the USSR.

Article 26

In accordance with society's requirements the state shall ensure the planned development of science and the training of scientific cadres, and organize the application of the results of scientific research in the national economy and other spheres of life.

Article 27

The state shall show concern for the protecting, multiplying and broad utilization of spiritual values for the moral and aesthetic upbringing of Soviet people, for raising their cultural standards. In the USSR, the development of the professional art and of artistic creation by the people shall be given every encouragement.

Chapter 7. The Basic Rights, Freedoms and Duties of USSR Citizens

Article 39

Citizens of the USSR shall possess in their entirety the social, economic, political and personal rights and freedoms proclaimed and guaranteed by the USSR constitution and by Soviet laws. The socialist system shall ensure extension of the rights and freedoms and uninterrupted improvement of the conditions of life of citizens in accordance with the fulfilment of programmes of social, economic and cultural development.

Exercise by citizens of rights and freedoms must not injure the interests of society and the state or the rights of other citizens.

Article 40

Citizens of the USSR shall have the right to work that is, to guaranteed employment and remuneration for their work in accordance with its quantity and quality and not below the minimum laid down by the state including the right to choice of profession, type of occupation and employment in accordance

with their vocation, abilities, vocational training and education, and with due account of the needs of society.

This right shall be ensured by the socialist economic system, the steady growth of the productive forces, free vocational training, improvement of skills and training in new trades, and development of the systems of vocational guidance and placement in employment.

Article 41

Citizens of the USSR shall have the right to leisure. This right shall be ensured by the establishment for workers and office employees of a working week not exceeding 41 hours and a shorter working day in a number of occupations and industries and reduced hours at night by provision of annual paid leave and weekly days of rest, by extension of the network of cultural, educational and health-building establishments and the development of sports, physical culture and tourism on a mass scale, and by provision of neighbourhood recreational facilities and of other opportunities for the rational use of free time.

Duration of working time and of leisure for collective farmer shall be laid down by collective farms.

Article 42

Citizens of the USSR shall have the right to health protection. This right shall be ensured by free qualified medical network of therapeutic and health improvement institutions, by the development and improvement of safety and hygiene in industry, by carrying out broad prophylactic measures, by measures of environmental improvement, by special care for the health of the rising generation, including prohibition of child labour not connected with instruction and labour education; by furtherance of scientific research directed at preventing and reducing the incidence of disease and at ensuring a long active life for citizens.

Article 43

Citizens of the USSR shall have the right to maintenance in old age, in the event of sickness and in the event of complete or partial disability or loss of the breadwinner. This right shall be guaranteed by social insurance for workers, office employees and collective farmers; allowances for temporary disability; payment by the state or collective farms of pensions for old age, disability and loss of the breadwinner; provision of employment

for partially disabled citizens; care for aged citizens and the disabled, and other forms of social security.

Article 44

Citizens of the USSR shall have the right to housing. This right shall be ensured by the development and maintenance of state and public housing, assistance for co-operative and individual house-building, the fair distribution, under public control, of residential floor space which becomes available through fulfilment of the programme of building well-appointed dwellings, and by low rents and low charges for utility services. Citizens of the USSR must take good care of the housing allocated to them.

Article 49

Every citizen of the USSR shall have the right to submit to state organs and public organizations proposals for improving their activity, and to criticise shortcomings in their work. Officials shall be obliged, within established periods, to examine proposals and requests of citizens, to reply to them and take due action.

Persecution for criticism shall be prohibited. Persons guilty of persecution for criticism shall be called to account.

Article 50

In conformity with the interests of the working people and for the purpose of strengthening and developing the socialist system, citizens of the USSR shall be guaranteed freedom of speech, the press, assembly, meetings, street processions and demonstrations. Exercise of these political freedoms shall be ensured by putting at the disposal of working people and their organisations public buildings, streets and squares, by broad dissemination of information and by the opportunity to use the press, television, and radio.

Article 51

In conformity with the aims of building communism, citizens of the USSR shall have the right to unite in public organizations facilitating development of their political activity and initiative and satisfaction of their diverse interests. Public organizations shall be guaranteed conditions for the successful performance by their statutory functions.

Article 60

It shall be the duty of, and a matter of honour for every able-bodied citizen of the USSR to work conscientiously in his chosen socially useful occupation, and strictly to observe labour discipline. Evasion of socially useful work shall be incompatible with the principle of socialist society.

This section has some more articles, 68 being the last. But we shall skip them as they are hardly relevant to the subject under discussion.

It may be interesting to mention here that the 1936 constitution had a similar chapter, numbered X and entitled "Fundamental Rights and Duties of Citizens. Article 126 of this section read:

"In conformity with the interests of the working people, and in order to develop the initiative and political activity of the masses of the people, citizens of the USSR are guaranteed the right to unite in mass organizations, trade unions, cooperative societies, youth organizations, sport and defence organizations, cultural, technical and scientific societies, and the most active and politically conscious citizens in the ranks of the working classes, working peasants and working intelligentsia voluntarily unite in the Communist Party of the Soviet Union which is the vanguard of the working people in their struggle to build communist society and is the leading core of all organizations of the working people, both government and non-government"

It will thus be seen that the 1936 constitution gave to the workers the right to unite in trade union activities, but surprisingly, this right which is so basic to any labour movement has been taken away by the 1977 Constitution. Despite this, there is little doubt that an all-round liberalisation amounting to deviationism is taking place in the Soviet Union, and the Government is getting more relaxed and so responsive to People's voice. The State's showing concern for spiritual values and for the moral and aesthetic upbringing of the Soviet people indicates that the rigours of Communism are getting softened. The moral of it all is that for any country aspiring for speedy progress so as to reach the standard of development as that of the USSR, its citizens should be ready to forego all freedoms and be prepared to offer their blood and tears at the altar of the Motherland!

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