K

Studies in LABOR AND INDUSTRIALIZATION

INDUSTRIALISM AND INDUSTRIAL MAN

by

CLARK KERR, FREDERICK H. HARBISON, JOHN T. DUNLOP
and CHARLES A. MYERS

Inter-University Study of
Labor Problems in
Economic Development

Reprinted for private circulation from INTERNATIONAL LABOUR REVIEW Vol. LXXXII, No. 3, September 1960

REPRINT SERIES

- The Labour Problem in Economic Development: A Framework for a Reappraisal by Clark Kerr, Frederick Harbison, John T. Dunlop and Charles A. Myers
- Modern Management in Western Europe by Frederick Harbison and Eugene W. Burgess (out of print)
- The Structuring of the Labor Force in Industrial Society: New Dimensions and New Questions by Clark Kerr and Abraham Siegel
- 4. International Comparisons of Wage Structures by John T. Dunlop and Melvin Rothbaum
- 5. The Trade Union Movement and the Redistribution of Power in Postwar Germany by Clark Kerr
- 6. Investment Criteria, Productivity, and Economic Development by Walter Galenson and Harvey Leibenstein
- 7. The City, The Factory, and Economic Growth by Bert F. Hoselitz
- 8. Labour Problems of Rationalisation: The Experience of India by Charles A. Myers (out of print)
- 9. Entrepreneurial Organization as a Factor in Economic Development by Frederick Harbison
- 10. Collective Bargaining in Postwar Germany by Clark Kerr
- 11. Collective Bargaining in Postwar France by Val R. Lorwin
- 12. Public Enterprise in Indian Industry by George B. Baldwin
- 13. Productivity and Labour Relations by Clark Kerr
- 14. Working-Class Politics and Economic Development in Western Europe by Val R. Lorwin
- 15. Recent Developments in Management Training in India by Charles A. Myers
- 16. International Differences in the Strike Propensity of Coal Miners: Experience in Four Countries by Gaston V. Rimlinger
- 17. Managers and Entrepreneurs: A Useful Distinction? by Heinz Hartmann
- 18. Two Centers of Arab Power by Frederick Harbison
- 19. The Interindustry Propensity to Strike: An International Comparison by Clark Kerr and Abraham Siegel
- 20. Lessons from Abroad for American Management by Charles A. Myers
- 21. The Local Union in Soviet Industry: Its Relations with Members, Party, and Management by Emily Clark Brown
- 22. Autocracy and the Factory Order in Early Russian Industrialization by Gaston V. Rimlinger
- 23. Problems of Manpower and Industrialization in the USSR by Warren W. Eason
- 24. Industrialism and Industrial Man by Clark Kerr, Frederick Harbison, John T. Dunlop and Charles A. Myers

Industrialism and Industrial Man

by

Clark Kerr, Frederick H. Harbison, John T. Dunlop, and Charles A. Myers

For a number of years scholars associated with the Inter-University Study of the Labour Problems in Economic Development¹ have been investigating the relationships between industrialisation, managerial leadership and wage-earning groups throughout the world. In the following pages the four members of the co-ordinating board of this project have set down their views on the question. After bringing out the features of industrialisation that are common to all nations, the authors analyse the different roads to industrialism and the types of "elite" likely to assume leadership in the process in different circumstances. In conclusion they make certain predictions as to the form of industrial society that will finally emerge.

OVER five years ago the four of us wrote an article for the International Labour Review entitled "The Labour Problem in Economic Development: A Framework for Reappraisal". In that article we suggested an "alternate framework" to replace the "traditional analysis" of labour problems in modern industrial society. We argued that it is "the process of industrialisation" rather than "capitalism" which gives rise to labour problems, that industrial systems differ according to the nature and effectiveness of enterprise organisations and of the elites that direct them, and that "one universal response" to industrialisation is "protest" on the part of the labour force as it is fitted into the new social structure. Then, as now, we sought to go beyond the mere description of individual countries; we sought a system of ideas

¹ Financed in large part by the Ford Foundation under its programme in economic development and administration, this project has drawn on the resources of a number of universities and individual scholars, particularly at Harvard University, Princeton University, the University of California at Berkeley and the Massachusetts Institute of Technology.

² International Labour Review, Vol. LXXI, No. 3, March 1955.

upon which to make generalisations concerning all industrialising

societies at all stages of their development.

In the course of the past five years we have learned much from our own studies and travels as well as from those of our colleagues in the Inter-University Study of Labour Problems in Economic Development. The four of us have ourselves travelled on all five continents. The Inter-University Study has sponsored over 40 projects involving research in over 35 countries; and a total of 73 persons of 11 different nationalities have been involved in some phase of its work. Persons associated with the Inter-University Study have to date published 14 books and 23 articles, and another ten to 12 monographs are already in the advanced stages of preparation. On the basis of our own study and that of our colleagues, we have presented in a forthcoming volume our new formulation of labour problems in economic development, and in this article we shall summarise a few of our basic ideas and findings.²

Albert Badre and Simon Siksek: Manpower and Oil in Arab Countries

(Beirut, American University Press, 1960).

John T. Dunlop: Industrial Relations Systems (New York, Henry Holt

& Company, Inc., 1958).

Henry W. Ehrmann: Organized Business in France (Princeton, N.J., Princeton University Press, 1957).

Walter Galenson (editor): Labor and Economic Development (New York,

John Wiley & Sons, Inc., 1959).

Frederick Harbison and Abdelkader Ibrahim Ibrahim: Human Resources for Egyptian Enterprise (New York, McGraw-Hill Book Company, Inc., 1958).

Frederick Harbison and Charles A. Myers: Management in the Industrial World, an International Analysis (New York, McGraw-Hill Book Company, Inc., 1959).

Heinz Hartmann: Authority and Organization in German Management

(Princeton, N.J., Princeton University Press, 1959).

Harvey Leibenstein: Economic Backwardness and Economic Growth. Studies in the Theory of Economic Development (New York, John Wiley & Sons, Inc., 1957).

Val R. Lorwin: The French Labor Movement (Cambridge, Harvard University Press, 1954).

I. McGivering, D. Matthews, and W. H. Scott: Management in

Britain (Liverpool, Liverpool University Press, 1960).

Charles A. Myers: Labor Problems in the Industrialization of India

(Cambridge, Harvard University Press, 1958).

John C. Shearer: High-Level Manpower in Overseas Subsidiaries. Experience in Brazil and Mexico (Princeton, N.J., Industrial Relations Section, 1960).

James Sydney Slotkin: From Field to Factory (Glencoe, Ill., The Free Press, 1960).

² Clark Kerr, Frederick H. Harbison, John T. Dunlop, and Charles A. Myers: Industrialism and Industrial Man (Cambridge, Mass., Harvard University Press, 1960).

¹ The following books, based on the work of the Inter-University Study, have already been published:

Reinhard Bendix: Work and Authority in Industry. Ideologies of Management in the Course of Industrialization (New York, John Wiley & Sons, Inc., 1956).

We project a future, still long distant, with a world-wide society of "pluralistic industrialism", in which managers and the managed may still carry on their endless tug of war, in which the contest between the forces of uniformity and diversity will continue, but in which persuasion, pressure, and manipulation will take the place of the open industrial conflict of the earlier stages of development.

no strike

In this new formulation, moreover, we have been forced to alter considerably some of our earlier concepts. We have become convinced, for example, that "protest" is not such a dominant aspect of industrialisation as we once thought. Indeed, labour protest is on the decline even as industrialisation around the world proceeds at an ever faster pace. Thus, instead of concentrating on protest, we have turned our attention to the inevitable "structuring" of the managers and the managed in the course of industrialisation and to the complex "web of rules" which binds men together in new chains of subordination and creates a network of rights, obligations, and functions of workers, technicians, and managers in the hierarchy of far-flung private and governmental organisations.

This article, as well as the book upon which it is based, is a partial summary of our views at this time. But it by no means constitutes our "final judgment", for we are committed to pressing our inquiry forward into new areas.

THE LOGIC OF INDUSTRIALISM

Industrialisation has been abroad in the world for only about two centuries. One hundred years ago only England had crossed the great divide on the road toward the industrial society. Today, in the middle of the twentieth century, perhaps a third of the world's population lives in countries which are at least partially industrialised. The remaining two-thirds of the world's peoples, spurred by the revolution of rising aspirations, are in the throes of initiating the march toward industrialism. Probably by the middle of the twenty-first century industrialisation will have swept away most pre-industrial forms of society, except possibly for a few odd backwaters. This is the great transformation in the history of mankind on this planet—more basic, more rapid, and more universal than anything that has gone before. The industrial society knows no national boundaries; it is destined to be a world-wide society.

What then are the common characteristics and imperatives which are inherent in this universal society toward which all peoples are marching? First, the industrial society is associated with a level of technology far in advance of that of earlier societies. The science and technology of industrialism is based upon research

1/3 12

2850

(B)

world - ende sveriet

organisations: universities, research institutions, laboratories and specialised departments of enterprise. In this society it is axiomatic that the frontiers of knowledge are limitless. Industrial society is also characterised by vast investments in plant, equipment and machinery which demand the accumulation of capital on a massive scale.

Secondly, the industrial system demands in its labour force a wide range of professions and skills. Indeed, the creation of highlevel manpower is one of the major problems encountered in the transition to industrialism. And, since science and technology generate continuous change, new skills and occupations are constantly replacing the old. Thus, industrialism requires an educational system functionally related to the skills and professions imperative to its technology. The variety of skills, responsibilities and employment conditions at the work place creates a new ordering or structuring of society. There are successive levels of authority of managers and the managed as well as extensive specialisation of functions at various levels in the industrial hierarchy. And, as part of this structuring process, the working forces are governed by a web of rules which prescribes such things as hiring, compensation, layoffs, promotions, shift changes, transfers, retirements, and discipline in the work place.

Thirdly, industrialism is associated with sizeable organisations. It is mainly an urban society. It is necessarily characterised by large governmental organisations. And the production of goods and services becomes ever more concentrated in the hands of large enterprises, whether they be private or public. In other

words, industrial society is "the organisation society".

Fourthly, the industrial society, in order to survive, must develop a "consensus" which relates individuals and groups to each other and provides a common body of ideas, beliefs and value judgments. The working force, for example, must be dedicated to hard work, and its individuals must assume responsibility for performance of assigned tasks and norms. Regardless of how this is achieved the industrial society must secure a pace of work and a personal responsibility exercised by individual workers and managers unknown in economic activity in traditional societies.

These, in brief, are the common features of the industrial society. Every case of industrialisation, however, may not be expected to be identical. There are different roads to industrialism, and the choice of these roads is made by an elite minority which in effect organises and leads the march toward the new society.

For purposes of analysis we have delineated five ideal types of elite which may under varying circumstances and depending upon the pre-industrial society assume leadership in the indus-

solfshild eliters

my their

Then Conny

why?

why?

terrolif?

March ?

Crypto - totalitarian INDUSTRIALISM AND INDUSTRIAL MAN trialisation process. Each of these elites has a strategy by which it seeks to order the surrounding society in a consistent manner. The dynastic elite is drawn from the old military or landed aristocracy, and it is held together by a common allegiance to the established order. It cherishes the virtues and the institutions of

the past—the family, the national State, private property and the notion that people born into one class are sentenced by predestination to remain there. It organises a paternal industrial society, with a paternalistic State, paternalistic employers, and the idea of dependent workers, who are loyal to their superiors and beholden to them for their welfare and leadership. This elite, though in some cases moving slowly along the road, often organises a relatively smooth passage from the traditional to the industrial society. It was prominent in the industrialisation of Japan and in the early stages of industrial development in Germany.

The members of the second elite are drawn from a rising middle class. Its ideology is economically individualistic and politically egalitarian. Its creed is opportunity for the individual, laissez-faire as a policy of government, with decentralisation of decisionmaking power. This elite takes progress for granted, relying on the free interplay of market forces to promote the common good. It can perhaps best be identified with capitalism in the early stages of the Industrial Revolution in England and its subsequent spread

to the United States.

The third elite may be characterised as the revolutionary intellectuals. It sweeps aside both the dynastic elite and the rising middle class. The revolutionary intellectuals, self-identified for the task of leadership by their support of what they claim to be a scientific and superior theory of history, set out to pour new wine into entirely new bottles. Their principal new bottle is the monolithic centralised State. The prime movers of this society Roll demand a rapid forced march toward industrialism, and they mould education, art, literature and labour organisations to their

single-minded purpose.

Next are the colonial administrators who have been, in the past at least, the originators of industrialisation in some of the underdeveloped countries of the world. Their concern, however, is less Countries with the countries they rule and more with the interests and the requirements of the home countries. For this reason they face an almost impossible task. They are not only exponents of a new system of production; they are also members of an external or alien society. Inevitably, with the march of time, they are dislodged min) peacefully or overthrown violently.

The fifth elite is composed of the new nationalist leaders and their followers in the emerging nations of the world. They may be weberel wonarban

model:

drawn from the leadership of prior independence movements, military leaders, or persons who were sent abroad to be educated. The members of this group are in a hurry—to deliver and to deliver fast. They are sparked by nationalism, but in itself nationalism is more of a sentiment than a rational system of thought. They are prone to seize upon any or all means to build rapidly the political and economic structures of their countries. They have no single philosophy of economic progress; but they have before them the choice of different roads—that travelled by the middle class, that of the dynastic elite, and that of the revolutionary intellectuals. As late starters on the march towards industrialism they can pick and choose both technology and organisational arrangements to effect the transition. The drive of these new nationalist leaders is well illustrated by these words of Gamal Abdel Nasser: "We shall march forward as one people who have vowed to proceed on a holy march of industrialising."

To be sure, these "ideal types" seldom appear in a pure form; they abstract from reality. The industrialising elite in any particular country characteristically is a mixture of several of these types, but as analytical devices they give a structure to the task of understanding the different forms of industrialisation; they help to explain the strategies involved and the patterns of management-labour relations which emerge.

Each of the industrialising elites develops a strategy toward the changes to be made in the cultural of the traditional societies. The critical elements in the cultural environment are the family system, class and race, religious and ethical valuations, legal concepts, and the concept of the national State. Some elements of the pre-existing culture are more resistant than others to the penetration of industrialisation; some elites, such as for example the dynastic, place higher priority on preserving the traditional values. In modern times the elites encounter resistance to change, but concurrently they are assisted by strong aspirations for rapid improvement in living standards. The strategy and success of the different industrialising elites are thus affected in part by the strength and rigidity of the pre-industrial culture and in part by the

The elites are also confronted by a number of other constraints, no matter what strategy they elect on the road to the industrial society. First, there are the economic limitations in the short period. These include the availability of capital, the natural resources of the country, its stage of educational development, the level and rate of increase of population, and the capacity to engage in export

revolution of rising aspirations. But in the end the new culture of

trade. Secondly, the chronological date at which a country embarks on the industrialising process makes a difference in the course of growth. There are advantages and disadvantages in an early as compared with a late start. Both the timing of the initial thrust of industrialisation and the level of development from which a country starts are likely to shape the magnitude of the effort confronting

the elites and the policies adopted to start the journey.

Finally, the industrialising elites are required to make a series of major decisions within the cultural and economic constraints just mentioned. Among the more important questions posed are these: How fast shall the society be industrialised? How shall the requisite capital formation be secured? What shall be the priorities in development projects? What shall be the characteristics of the educational system and the means of training managers, technicians and workers? How self-sufficient or integrated shall the country be with the world economy? And shall it be the conscious aim of public policy to limit the increase in population? Taken as a group, the answers to these questions describe a programme and a time schedule for an industrialising elite.

A detailed analysis of the strategies of the different elites in decision-making along the road of industrialisation lies beyond the scope of this article.1 In general, however, the dynastic elite is prone to be content with a less strenuous pace; it offers continuity between the old and the new. The rising middle class is apt to rely upon the market and upon elected governments to determine the pace of industrialisation; it offers individual choice. The revolutionary intellectuals rely upon the single-party State as the engine of development; they offer a harsh but high-velocity industrialisation. The colonial administrators gear the pace to the needs and interests of the mother country; but they are doomed to extinction. The new nationalist leaders encounter perhaps the most serious problems in setting the pace. The aspirations of their masses have been stimulated to expect immediate and substantial results from national independence, while the political uncertainties of a new State complicate the problems of accumulating the necessary human and material capital from both within and beyond the national borders.

Given the economic and cultural limitations listed above, the faster the pace of industrialisation the greater is the need to restrict consumption in order to accumulate capital, the more necessary is the resort to direct control by the government, the more drastic is the required reorganisation in agriculture



¹ See Industrialism and Industrial Man, op. cit., Ch. 5, for fuller discussion.

associated with the development of an industrial labour force, the more likely is the resort to a rigid ideology and compulsion in motivating the work force, and the more centralised must be the web of rules to govern the work place. In determining the pace and the rationale of industrialisation, some elites are more consistently ruthless and determined than others.

In summary, the imperatives of industrialisation cause the industrialising elites to overcome certain constraints and to achieve certain objectives which are the same in all societies undergoing transformation. The approaches which they take to these constraints and objectives explain in large measure the diversity among industrialising economies. Using this system of thought, or logic of industrialism, an examination will now be made of the extent and nature of the labour problems which are likely to arise during the development process.

THE MANAGERS AND THE MANAGED

The labour problems of industrialising societies have their origin in the structuring of relationships between the managers and the managed. They both give rise to and emanate from the web of rules which links men together in the new society. They are related to the power, position and policies of the managers of enterprises whether public or private; to the development of the industrial working forces; to the impact of industrialisation on the worker and his response thereto; and to the making of the rules by workers, managers, and the State. Each of these aspects will now be examined briefly.

The Managers of Enterprise

The managers of enterprises, public and private, and their technical and professional subordinates are part of every industrial ising elite. Management is a hierarchy of functions and people. It includes entrepreneurs, managers, administrators, engineers, and professional specialists who hold the top positions in enterprises. So defined, management is crucial to the success of any industrial-isation effort. It may be viewed from three perspectives: as an economic resource, as a class and as a system of authority within the enterprise.

As an economic resource, management becomes more important with the advance of industrialisation. The number of persons in the managerial ranks increases both absolutely and relatively in the economy. This is the inevitable consequence of larger capital out-

browner from

tenn

lays, the pace of innovation, the use of more modern machinery, the growth of markets, and the increasing complexity of advancing industrial societies. The accumulation of managerial resources, moreover, requires ever-increasing outlays for technical and managerial education, and forces educational institutions to become more functionally oriented to the training of skilled technicians, engineers, scientists and administrators.

As a class, management becomes more of a profession as industrialisation progresses. In the early stages of development, where enterprises may be new or very small, access to the managerial ranks may be largely dependent on family relationships in some societies, or political connections in others. But as the managerial class must inevitably grow larger it becomes less arbitrarily exclusive. As industrial society lays ever more stress upon scientific discovery, technological innovation and economic progress, patrimonial and political managers are swept aside by the professionals.

As a system of authority, management becomes less dictatorial in its labour policies. In all societies, of course, management cherishes the prerogatives of a rule maker. But others, such as the State and the labour unions, also seek and gain a voice in the rule-making process. As industrialisation advances, they tend to limit, to regulate or sometimes even to displace the unilateral authority of management over the labour force. As a consequence, dictatorial or paternalistic direction gives way to a kind of constitutional management in which the rules of employment are based upon laws, decisions of governments, collective contracts, or agreements. In a few situations employer-employee relationships within the firm may develop along democratic lines with joint participation.

The differences in management are related to the stage of industrial development and also to the elites which assume leadership in the society. The dynastic elite, for example, tends to perpetuate a family-oriented and paternalistic managerial system, whereas the middle-class elite introduces a professionalised managerial class more quickly. The revolutionary intellectuals try to prolong the life of political management, while the new nationalist leaders may encourage the development of any or all kinds of management as the occasion demands.

Yet, despite the fact that the ranks of professional management are destined to expand in all industrialising societies, the managerial class has neither the capacity nor the will to become the dominant ruling group. The managers are characteristically the agents of stockholders, of state bureaucracies, or in some cases of workers' councils. Since they are preoccupied with the internal affairs of enterprise, which become ever more complex, the members

who class?

of the managerial class are prone to become conformists rather than leaders in the larger affairs of society.1

The Development of the Industrial Labour Force

Most countries have human resources which are available for industrial employment, but no country is endowed with persons possessing the habits, skills, and "know-how" necessary for industrial development. Thus, the industrialising clites, and particularly the managers of enterprises, are required to build a large and diversified industrial labour force. This involves four interrelated processes: recruitment, commitment, upgrading, and security.

Recruitment is the first step in development of the industrial labour force. It is the process of selecting, hiring, and assigning persons to jobs. Commitment is a longer and more intricate process. It consists of achieving the workers' permanent attachment to and acceptance of industrial employment as a way of life. Upgrading is the process of building the skills, the work habits, and the incentives for productive employment. It involves the training and the energising of the working force. Security includes the various facilities which may be necessary to provide worker security both on and off the job.

From our studies and those of others we have concluded that recruitment, commitment, and upgrading of labour forces can be achieved reasonably well in any industrialising society. Industrial man is a product not of a particular climate or ancestry but rather of persistent effort and investment. Despite the allegations to the contrary, man everywhere is adaptable to the industrial system.

The more difficult and persistent problem is that would-be workers are more often pounding on the gates to be let inside the factory system. Surplus labour and chronic redundancy is the more common problem of most of the underdeveloped countries, even in the early stages of industrialisation. Population keeps expanding more rapidly than industrial employment; urban areas become overcrowded; underemployment persists in the rural areas even as industrialisation advances. The rate of population increase tends to fall only after living standards have risen substantially, and this takes time even in those countries making a rapid march toward industrialism. The newly industrialising countries, therefore, are faced with a dilemma—where and how to hold surplus labour. If held on the land, disguised unemployment mounts; if held within the factories, productive efficiency is impaired; if

¹ A comprehensive analysis of management is presented in another book in the Inter-University series: Frederick Harbison and Charles A. Myers: Management in the Industrial World, an International Analysis, op. cit.

held outside the factories in overcrowded urban areas, the strain on community resources becomes intolerable. Only employment on massive, labour-intensive public works, roads or irrigation systems seems to offer an answer. Certainly, in the face of mounting pressures of population, industrialisation on its own offers no cure.

Here again the elites adopt somewhat different strategies in developing and managing industrial labour forces. The dynastic elite will rely more heavily on paternalistic devices to commit the worker to industrial enterprise; the middle class will depend upon the labour market; the revolutionary intellectuals will get commitment by ideological appeals, direction of employment, and differential incentives. The dynastic elite is likely to require the employers to provide jobs for all permanent members of the industrial working force, but is unconcerned with employment problems outside the factory gates. The middle-class elite relies upon the forces of the product market to provide jobs in the long run. The revolutionary intellectuals either refuse to admit the existence of mass unemployment or mobilise a redundant labour force on public works projects. And the nationalist leaders tend to adopt any or all means which appear to offer the most satisfactory solution for the time being.

The Response of the Worker to Industrialisation

Industrialisation redesigns and restructures its human raw materials, whatever the source. Thus, the development of an industrial work force necessarily involves the destruction of old ways of life and the acceptance of the new imperatives of the industrial work community. While the worker is in the end malleable, his

metamorphosis gives rise to many forms of protest.

Characteristically, the partially committed labour force may express protest through excessive absenteeism, turnover, theft, sabotage, and spontaneous or sporadic work stoppages. The committed labour force is more likely to organise industry-wide strikes and formal political activity, while day-to-day grievances are presented through disputes machinery or labour courts, largely without stoppages. Marx saw the intensity of protest increasing in the course of capitalist development. We hold a contrary view. Our studies reveal that protest tends to reach its peak relatively early in the transformation and to decline in its overt manifestations as industrialisation reaches the more advanced stages. Incipient protest is moderated, channelled, and redirected in the advanced industrial society.

The elites, of course, must cope with the problem of worker protest, and here again they adopt different policies toward the formation of labour organisations which possess potential economic and political power. And in each society the emerging labour organisations adapt themselves rather distinctively to the prevailing environment. The labour organisations in the dynastic society remain "foreign" to the elite; in the middle-class society, they tend to conform to the product market structure. The revolutionary intellectuals regard labour organisations as instruments of and subservient to the State. The colonial administrators find labour organisations always in opposition, forever pressing relentlessly for national independence. And the labour organisations under the new nationalist leaders are often beset with conflicting and divided loyalties, sometimes conforming to and on other occasions bringing pressure against the new régime.

Most labour organisations, and particularly those in the newly industrialising countries, pose thorny issues for the elites. First, they lay claim to higher wages, while the elites may be preoccupied with capital formation. Secondly, they may strike at a time when work stoppages will be detrimental to production. Thirdly they of necessity demand redress of worker grievances and complaints, while the nationalist leaders, in particular, may be intent upon achieving better discipline, a faster rate of work, and more output. Finally, labour organisations are prone to seek independence and freedom as institutions, while the elites are more concerned with making them politically subservient or insuring that they will be

politically neutral or powerless.

Labour organisations, in summary, are essentially reflections of the societies in which they develop. The universal responses of workers to industrialisation, and the nature of expressions of their protest, are increasingly moulded to conform and contribute to the strategy of the industrialising elites. Though the leaders of labour seldom rise to dominating positions in a society, they are persons who always warrant recognition.

The Rule Makers and the Rules

Industrialisation creates industrial workers, managers, and government agencies. All three are necessarily involved in industrial relations. And, just as industrialisation brings about different economic systems, so does it necessarily develop different "industrial relations systems". Again, according to the nature of the elites and to the stage of development, every industrial relations system fulfils at least three major functions. First, it defines the relative rights and responsibilities of workers, managers, and the State, and establishes the power relationships between them. Secondly, it channels and controls the responses of workers and managers to

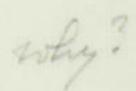
the dislocations, frustrations, and insecurities inherent in the industrialising process. And thirdly, it establishes the network of rules, both substantive and procedural, which govern the work place and the work community. Industrial relations systems reflect the persistent themes of uniformity and diversity which have been referred to in this analysis. In our book we have described in some detail the factors accounting for this uniformity and diversity, and we have also pointed out how specific rules are dependent upon the stage of development and the nature of the industrialising elites. These rules govern such things as recruitment and commitment, levels of compensation, the wage structure, and procedures for settlement of disputes.

In effect, therefore, the industrial relations system provides the structure and the machinery for the functional relationship between the managers and the managed in any industrialising society. As a system it is related to the economic system with which it operates. Industrial relations systems, therefore, can be logically analysed and usefully compared. They are not unique, isolated institutional arrangements with particular significance only to a particular country. It is thus manifestly possible and desirable to compare labour problems in one country with those in another, and our analytical framework, we feel, offers a method for doing this.

THE ROAD AHEAD

As industrialisation advances, the forces making for uniformity among different societies become stronger than those perpetuating diversity. With the passage of time, each developing nation moves further from its pre-industrial stage and from its original industrial leaders. As they bring in new recruits from different strata, the various elites become less distinct. The ideological differences tend to fade; the cultural patterns of the world intermingle and merge. The once vast ideological differences between capitalism and communism give way to more pragmatic considerations in the operation of industrial society. Increasingly, the elites all appear in the same light.

The trend toward greater uniformity is attributable to a variety of pressures. Technology in itself is a unifying force. The thrust of progress also serves the cause of uniformity, and gradually there is less difference between the various categories of workers and industries in each country. Education brings about a new equality with the elimination of illiteracy and the development of skills.



¹ For an even more extended discussion, see John T. Dunlop: Industrial Relations Systems, op. cit.

The State everywhere becomes ever larger and more important. Larger-scale enterprises are common hallmarks of all advanced industrial societies. Finally, the compulsion to compare helps to achieve uniformity. The pressures for progress and participation in a new economic order are enhanced by the world-wide character of industrialisation, by international trade, by travel, by modern means of communication, and by global exchange of ideas.

The road ahead leads to what we call "pluralistic industrialism". The fully developed industrial society in our view will be one in which the struggle between uniformity and diversity continues, a society which is centralising and decentralising at the same time, a dynamic society which, while marked by complex and conflicting pressures, develops a common cultural consensus.

In this pluralistic industrial society the State will not wither away. It will handle the conflict among the differing power elements in the society; it will control collusion by producers against consumers; and it will establish the relationship between members and their organisations. The managers of enterprise, whether public or private, will be professionals, technically trained and carefully selected for their tasks. They will be bureaucratic managers, if private, and managerial bureaucrats, if public. The distinction between managers will be based more upon the size and scope of their enterprises than upon the ownership of the means of production. Occupational and professional associations will range alongside the State and large-scale enterprise as centres of power and influence. And uniting the State, the enterprises and the occupational associations will be a great web of rules established by all three entities, but particularly by the first.

In this society conflict will persist, but it will take the form of bureaucratic skirmishes rather than class war. Groups will jockey for position over the setting of jurisdictions, the authority to make decisions, the forming of alliances, and the granting or withdrawal of support or effort. The great battles of conflicting parties will be replaced by a myriad of minor contests over comparative details. Labour organisations will cease to be parts of class movements urging programmes of total reform, and become more purely pressure groups representing the occupational interests of their members.

In this emerging world-wide society industrial man will be subject to great pressures of conformity imposed not alone by enterprise management but also by the State and by his occupational association. For most people any true scope for the independent spirit on the job will be missing. But, outside his working life, industrial man may enjoy more freedom than in most earlier forms of society. Politically he can have influence. He will enjoy higher

living standards, greater leisure, and more education. And, along with the bureaucratic conservatism of economic life, there may be a new Bohemianism in other aspects of man's existence which can give rise to a new search for individuality and a new meaning to liberty.

Technology need not, as Marx thought, reach into every corner of society. Indeed, the conformity to technology may bring a new dedication to individuality. This is the two-sided face of pluralistic industrialism that makes it a split personality looking in two directions at the same time. Utopia, of course, never arrives, but industrial man the world over will probably acquire greater freedom in his personal life at the cost of greater conformity in his working life. Industrialism can and will bring about for him a better existence.

boleme

freadon.

PUBLICATIONS OF THE INTERNATIONAL LABOUR OFFICE

Labour Costs in European Industry

Studies and Reports, New Series, No. 52

An international comparison of wages and related elements of labour costs in Austria, Belgium, Denmark, France, the Federal Republic of Germany, Greece, Italy, Turkey, the United Kingdom and Yugoslavia. The statistical services of the countries concerned, aided in some instances by employers' and workers' organisations, participated in the inquiry of which the results are given in this volume and devoted considerable effort to obtaining full information and to ensuring the accuracy and international comparability of the data provided. The study examines the various elements of labour costs in the following industries: cotton, textiles, leather footwear, radio-electronics, machine tools, shipbuilding, steel, coal mining and national railways. Comparative information is given on the cost to establishments of basic wages, wage premiums, bonuses and gratuities, payments in kind, hours paid for but not worked, holidays with pay, obligatory and non-obligatory social security contributions, family allowances, direct benefits paid to workers, subsidies to various workers' facilities and a miscellaneous group of other labour costs, such as the costs of recruitment, vocational training and on-the-job medical services.

CONTENTS

INTRODUCTION.

CHAPTER I Procedure Followed in Establishment Inquiry.

CHAPTER II Main Classes of Labour Cost Items Reported by Establishments.

CHAPTER III Individual Items of Labour Cost Reported by Establishments.

CHAPTER IV Importance of Wages and Wage Supplements in the Economy as a Whole.

APPENDIX I Details of Labour Cost by Industry.

APPENDIX II Continuing Use of Results of Establishment Inquiry.

APPENDIX III Questionnaires and Instructions Used in the Present Study.

170 pages

Price: \$1.25; 7s. 6d.

BOOKS PUBLISHED*

- Albert Y. Badre and Simon G. Siksek, Manpower and Oil in Arab Countries, Economic Research Institute, American University of Beirut, Beirut, Lebanon
- Reinhard Bendix, Work and Authority in Industry, John Wiley & Sons, Inc., 440 Fourth Avenue, New York 16, New York
- John T. Dunlop, Industrial Relations Systems, Henry Holt & Co., 383 Madison Avenue, New York, New York
- Henry W. Ehrmann, Organized Business in France, Princeton University Press, Princeton, New Jersey
- Walter Galenson, ed., Labor and Economic Development, John Wiley & Sons, Inc. 440 Fourth Avenue, New York 16, New York
- Frederick Harbison and Ibrahim Abdelkader Ibrahim, Human Resources for Egyptian Enterprise, McGraw-Hill Book Company, Inc. 330 W. 42nd Street, New York 36, New York
- Frederick Harbison and Charles A. Myers, Management in the Industrial World, McGraw-Hill Book Company, Inc. 330 W. 42nd Street, New York 36, New York
- Heinz Hartmann, Authority and Organization in German Management, Princeton University Press, Princeton, New Jersey
- Clark Kerr, John T. Dunlop, Frederick Harbison and Charles A. Myers, Industrialism and Industrial Man, Harvard University Press, Cambridge 38, Massachusetts
- Harvey Leibenstein, Economic Backwardness and Economic Growth, John Wiley & Sons, Inc. 440 Fourth Avenue, New York 16, New York
- Val R. Lorwin, The French Labor Movement, Harvard University Press, 79 Garden Street, Cambridge 39, Massachusetts
- McGivering, D. Matthews, and W. H. Scott, Management in Britain, Liverpool University Press, Liverpool, England
- Charles A. Myers, Labor Problems in the Industrialization of India, Harvard University Press, 79 Garden Street, Cambridge 39, Massachusetts. Also published as Industrial Relations in India, Asia Publishing House, Bombay, India
- John C. Shearer, High-Level Manpower in Overseas Subsidiaries—Experience in Brazil and Mexico, Industrial Relations Section, Princeton, New Jersey
- James Sydney Slotkin, From Field to Factory, The Free Press, Glencoe, Illinois

[&]quot;These books should be ordered directly from the publishers.

The objective of the Inter-University Study of the Labor Problems in Economic Development is to develop a comparative appraisal of the relationships between industrialization, managerial leadership, and the wage-earning groups throughout the world.

This project is financed in part by the Ford Foundation.

Its co-ordinating board consists of:

Clark Kerr, University of California (Berkeley)
Frederick H. Harbison, Princeton University
John T. Dunlop, Harvard University
Charles A. Myers, Massachusetts Institute of
Technology