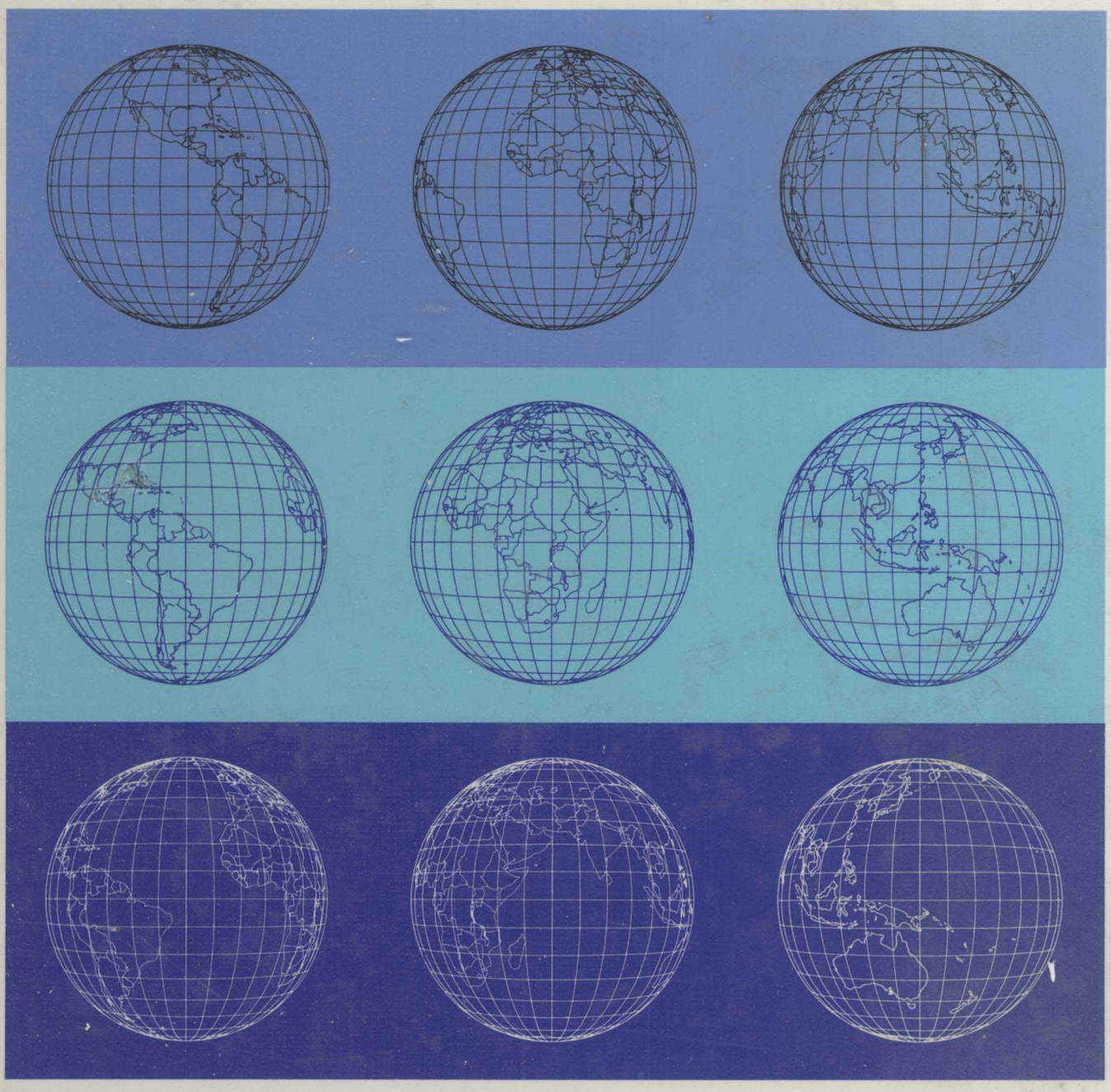
International Labour Office Geneva

WORLD LABOUR REPORT 2



World labour report 2

Labour relations, international labour standards, training, conditions of work, women at work

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Preface

This is the second volume of the first *World labour report*, to be followed by two more reports during this decade. The first volume, published at the beginning of last year, discussed employment and incomes; the second deals with labour relations, international labour standards, training, conditions of work and the position of women at work. Together, the two volumes give an overview of the main labour issues in the world. The next Report will concentrate on one particular theme – the question of pay.

The two volumes of the first *World labour report* show that the social and labour situation has deteriorated in many parts of the world since the mid-1970s. Unemployment and underemployment have reached high levels. Social security, training and conditions of work are given lower priority because they are thought to claim a disproportionate share of resources in a time of economic recession. The ILO is receiving an increasing number of complaints on Conventions covering basic human rights, such as freedom of association. A positive development, however, is that women are playing a more active role in the world of work and development – even though there is still a long way to go before an equal partnership can be achieved between the sexes. Moreover, educational opportunities have increased considerably, particularly in developing countries, resulting in a more skilled labour force.

It would be a grave mistake to think that – even in a time of economic stagnation – social and labour questions should take second place. Economic development is not an aim in itself, but a means to a social end: a better life for all and in particular for the disadvantaged.

Economic and social development cannot be conceived of as separate processes. Economic growth makes the expansion of social programmes possible. Likewise, a climate of security, the participation of the social partners in development, and proper training and working conditions are not only desirable in themselves but are a requisite for long-term economic growth. In some cases, excessively high social expenditure may jeopardise the long-term prospects for a higher standard of living, including those of the disadvantaged. But I firmly believe that if sacrifices have to be made in the name of economic development, they have to be negotiatied with all groups in society and borne by each according to its capacity.

I hope that this volume will contribute to a better knowledge and a well-informed discussion of economic, social and labour issues in the world.

Francis Blanchard

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Part 1

Labour relations

Introduction

Labour relations exist wherever people work together. They may be individual relations, i.e. relationships between single workers and employers (private and public), or collective relations, i.e. relationships between organisations of workers and employers and between these organisations and the authorities.

The most common individual labour relationship is the employment contract concluded between an individual employer and an individual worker, the type of contract by which the majority of workers in the world are covered. The three main phases of this relationship are hiring (including the explicit or implicit conclusion of an employment contract), fulfilment of contractual obligations, and termination. For certain types of workers, the individual labour relationship may not be an employment relationship and may include transactions involving not only labour but also production, credit or land. Tenants and sharecroppers, for example, have a relationship with landowners which includes a transaction covering not only labour but also the use of land and/or credit. Such "interlocking" contracts also exist between members of producers' co-operatives, and include transactions on labour, production, the use of land and the distribution of profits. Family workers, on the other hand, are not bound by a contract, but usually accept family work as part of the cultural, social and economic obligations governing household and family life. Finally, in the case of self-employed workers, the question of an individual labour relationship does not apply.

Labour force in the world, 1980

	Millions
Developed socialist countries	194
Developed market economies	341
Africa	170
Latin America and the Caribbean	117
China	422
Rest of Asia	551
Total	1 795

Source: ILO.

In 1980, the world labour force consisted of about 1,800 million workers, with China, India and other Asian countries accounting for over half (see table). Most workers are in wage employment, i.e. almost all workers in industrialised socialist countries, more than three-quarters in developed market economies and between one-quarter and three-quarters in developing countries. Self-employed workers hardly exist in the socialist countries, but they constitute between 10 and 25 per cent of the labour force in the industrialised market economies and between 25 and 50 per cent in the developing market economies. More than half of the Chinese labour force is engaged in some form of collective farming, while the percentage of workers engaged in such farming in the industrialised socialist countries is low. The proportion of family workers is usually small in industrialised countries, but generally varies between 10 and 25 per cent in developing countries.

A vast number of workers, including roughly 150 million day-labourers and about 300 million self-employed and family workers in the agricultural and informal sectors of the developing market economies, have little protection, either through membership of a workers' organisation or by effective legislation. Day-labourers are completely dependent on what the market offers them in the way of employment and wages. Peasants and family workers, though they have the security of a small plot of land, are usually obliged to seek additional work as day-labourers or seasonal workers. Since they are not organised, day-labourers and seasonal workers are in a very insecure situation.

In the following three chapters we shall examine recent trends in collective labour relations, i.e. relationships between organisations of workers and employers and between these organisations and the authorities. Broadly speaking, collective labour relationships exist in almost all sectors of the industrialised socialist countries, in most sectors of the industrialised market economies and in the so-called modern sectors of the developing countries. Chapters 1 and 2 deal with workers' and employers' organisations, while Chapter 3 examines recent trends in labour-management relations, including collective bargaining, workers' participation and collective labour disputes.

Chapter 1

Workers' organisations

The term "workers' organisation" covers a wide variety of associations such as trade unions, farmers' leagues, tenants' and share-croppers' associations, workers' co-operatives, public service employees' associations, professional associations and "benevolent" or "friendly" societies. In this chapter, however, we shall concentrate mainly on trade unions, because it is these associations that include most of the organised workers.

Historically speaking, trade unions were born in Europe and North America and gradually became part and parcel of Western, industrial, pluralistic societies. During this century they have also gradually spread to all industrialised and developing regions – as well as to all economic sectors.

This may be illustrated by a comparison of the Workers' delegations to the 1919 and 1983 Sessions of the International Labour Conference. There were 25 Workers' delegates in 1919; 130 (with 337 advisers) in 1983. In terms of geographical distribution, the Workers' delegates present in 1919 came predominantly from Western Europe and North America. The Workers' group of the 1983 International Labour Conference represented practically all the countries of the world.

Types of trade unions

There are four broad types of trade unions: craft unions, enterprise unions, industry unions, and general unions. A craft union is open to all persons with the same occupation, such as electricians or printers. Unions can also seek to recruit all persons employed in the same enterprise or industry. The fourth broad category is the general union, which is rather similar to a federation in that it covers workers from many industries and crafts.

Craft unions – the oldest type of trade union – were particularly important in the industrialised countries, though they are now also found in a number of developing countries (in the printing and construction industries, for example). Industrial unions are the predominant form of organisation in continental Europe. They are the result of a deep sense of solidarity among workers, regardless of training, trade and occupation. General unions are more typical of small, developing countries (e.g. certain English-speaking African and Caribbean countries), although some are also found in Australia, Ireland, New Zealand, the United Kingdom and the United States. Organisations of this kind have often been set up by craft or industrial unions that were willing to organise workers beyond their initial boundaries. Enterprise unions constitute the predominant type in developing countries where crafts are not deeply rooted and where the organisation of a whole industry could be too complicated. Socio-cultural considerations have also contributed to the appearance of enterprise unions in certain industrialised countries; in Japan, for instance, it is the traditional identification of workers with their enterprises that explains the Japanese preference for enterprise unions. The sheer size of large undertakings may also bring about the establishment of enterprise

unions, even in countries where other kinds of workers' organisations tend to prevail.

The growth of the labour movement during the past few decades has highlighted the advantages and disadvantages of the above-mentioned types of unions. Enterprise unions constituted a basic form of work organisation from which other levels or variants could be developed; they also placed workers' organisations in the thick of labour-management relations and in close contact with the rank and file. Experience has shown, however, that this type of union may give rise to an excessive fragmentation of the labour movement and compel workers' organisations to spread thin their leadership and financial resources.

The proliferation of unions has tended in turn to affect the average membership of unions. To take some Latin American countries, for instance, it is as low as 74 in Ecuador, 128 (for enterprise unions) and 119 (for craft unions) in Chile, 207 in Costa Rica, 220 in Venezuela and 383 in Panama.[1] Similar figures are found in some Asian countries, such as India (around 300 in the Delhi area), Pakistan, where the average size of unions was estimated at 129 members in 1979,[2] and the Philippines (before the recent rationalisation). In India the average membership per union has been steadily declining almost since the inception of the labour movement.[3]

Craft unions were based on historical and well-entrenched forms of brotherhood with relatively well-defined boundaries in the manufacturing sector and building trades. Their main impact has probably been to place some key workers in a strong bargaining position. Others – not being organised – were somewhat left aside, and in some countries this development may have led to an erosion of solidarity between workers. However, the impact of new technologies has not been favourable to craft unions; some old trades such as typesetters and draughtsmen are being eliminated, transformed or simplified and a number of craft unions have been forced to merge or disappear (see Volume 1, Chapter 7). In the United Kingdom, for instance, there were ten craft unions in the printing industries in 1948; today there are only five. Similar mergers have occurred in many other countries.

The trend nowadays is in the direction of industrial-type unions, and the reasons for this are clear. Industrial unions (as well as the principle of "one industry, one union", which has been widely applied in socialist countries and recently accepted in certain developing countries) seek to overcome the shortcomings of the proliferation of small enterprise unions and to avoid the divisions and, at times, hierarchical tendencies characteristic of other types of unions. Moreover, trade unions inevitably reflect the more complex political and economic environment in which they must operate. Workers' organisations that came into being spontaneously and developed unplanned during the early stages of industrialisation are now experiencing the need to adapt to a different milieu. Moreover, it became clear that with the increasing use of mass production and automation many unskilled and semi-skilled workers were often not covered by occupational organisations. Workers in major industrial sectors were also confronted with similar problems. By organising themselves along industrial lines, they could strengthen their bargaining power and speak with one voice in their dealings with employers and government. Even some governments (as in Ecuador) have actively promoted the setting up of industrial unions.

This trend towards industrial unions may have an impact on the traditional three levels of the labour movement: the enterprise or local level, the larger (industrial, occupational or territorial) second-degree level and the confederation. A two-tier structure now tends to exist in certain countries where workers' organisations at the enterprise level are mere branches of the industrial union. The latter is also replacing some older structures of unions based on geographical considerations. However, such structures still exist, for example in the construction industry in Canada and the

United States and in various European countries, including France, Italy, Spain and Sweden.

Where industrial or general unions do not constitute the prevailing types, federations consisting of occupational organisations are normally set up. Various federations can then establish national centres or confederations. In both cases legislation usually requires a minimum number of constituent units, or lays down other, and stricter, limitations. In Latin America, for instance, recent legislation in Chile and Uruguay has attempted to prohibit the establishment of full-fledged national confederations. In Brazil, national confederations can only be established at the sectoral level and the 1943 Labour Code does not officially permit a central confederation. Some sort of an umbrella workers' organisation was set up in 1983 but has not yet been recognised by the Government.

National centres or confederations may have only limited functions of co-ordination and orientation, as in the United States, or they may be vested with the authority to bargain (e.g. in the Scandinavian countries) or to fix the outer limits of bargaining (e.g. in Italy and Spain). As governments step up their involvement in economic and social affairs, and especially as they set out to apply incomes policies, the power of confederations has tended to grow. However, the level within the labour movement actually exercising the power (centralisation versus decentralisation) has usually been determined by a number of historical factors such as bargaining practices, the structure of employers' organisations and the importance of higher or lower levels of the labour movement, as well as of some typical features concerning the workers involved.

In many developing countries, workers' organisations have been greatly influenced by the law, which has played an important and sometimes decisive role in shaping the trade union movement. This is particularly true in some Latin American countries (Argentina and Brazil, for instance, and more recently Chile and Uruguay) and in a number of Asian and African countries. However, some English-speaking developing countries have followed the example of the United Kingdom, where there are no legal provisions governing the structure of trade unions; in these countries any group of workers (above the established minimum number of six or seven) can form their own union.

Fragmentation and rationalisation in the labour movement

In many developing countries the labour movement is fragmented because each union prefers to keep its own structure. While such pluralism is also found in some industrialised countries, the problem has become particularly acute in those developing countries where (1) the labour movement includes a substantial proportion of enterprise unions, (2) unions rely heavily on political action and (3) several political parties are competing for trade union support.

Trade unionists in many countries find that trade union pluralism provides the possibility of choice and stimulates competition and emulation among different organisations. However, excessive union fragmentation, particularly at the enterprise level, may have some unfavourable consequences for both management and unions. Management may be faced with different and sometimes conflicting demands, put forward by various unions. In the best of circumstances unions may waste time, energy and financial resources, while in the worst they may be played off against one another. Other negative consequences may be reduced productivity and a deteriorating climate of industrial relations.

At this point, it may be useful to make a distinction between pluralism due to ideological, religious or political rivalries and pluralism due to

the coexistence of different types of unions. Ideological, religious and political pluralism exists in certain European countries (such as Belgium, France, Greece, Italy, Luxembourg and Spain) but it is more widespread in countries of the Third World. In the latter countries there is the additional problem that many unions have the same jurisdiction and operate at the same level. In some industrialised countries there are large numbers of unions that do not necessarily conflict or overlap with each other. In Japan, for instance, there were 73,694 trade unions in 1981[4] but there were few cases of pluralism within the same bargaining unit. Similarly, in the United States there were some 75,000 local unions at the end of the 1970s but the overwhelming majority were subdivisions of the existing 173 national unions; moreover, the principle of exclusive representation of the majority union rules out any possible overlapping.

In recent years the ideological rivalries between European unions and parties have declined. It is true that different currents of unionism still exist but efforts to overcome problems of pluralism have voluntarily taken place within the trade union movement of certain countries. This is the case in such European countries as Ireland and the Netherlands and in Japan, where all trade unions launch every year the so-called "spring offensive" and have established an All-Japan Council of Private Sector Unions (Zenmin Rokyo). Moreover, mergers and amalgamations of unions at the industry level have taken place in such industrialised countries as Canada, New Zealand, Norway, Sweden, the United Kingdom and the United States. In the United Kingdom there has been a steady decline in the number of trade unions, dropping from 543 in 1970 to 421 at the end of 1981.[5] In Sweden only 24 trade unions now constitute the Swedish Trade Union Confederation (LO). Union concentration has always been a feature of industrial relations in the Federal Republic of Germany, where only 17 trade unions constitute the central organisation (DGB). Indeed, the process has been so marked and far-reaching that some recent studies point to the appearance of a new type of trade union, the multi-industrial or conglomerate union.

The situation is different in developing countries. Ideological rivalries cover a wider spectrum and include not only the Communists, Socialists, Social Democrats, Reformists and Christian Democrats, but also the populist and nationalist orientations. Personal animosities can sometimes further fragment and divide the labour movement. This is particularly the case of several Asian countries, such as Bangladesh, India, Pakistan, Sri Lanka and Thailand, and most Latin American countries. In the latter, however, it is the national centres that are fragmented; such fragmentation does not usually occur at the enterprise level. In the above Asian countries fragmentation tends to pervade all levels of the trade union movement. Extreme cases of fragmentation can be observed in some large undertakings of India, such as Bokaro Steel Mills (44 trade unions).

In several Latin American countries (Colombia, Mexico and Panama, for instance) the trade union movement itself has tried to unify or at least to co-ordinate its actions and organisations. In other countries, however, this initiative has come from outside the trade union movement. In many African countries, as well as in a few Asian ones (e.g. Indonesia, Malaysia and the Philippines), governments have sought to restructure and unify the trade union movement in order to rationalise its operations and to do away with jurisdictional disputes. Government measures of this kind have been taken particularly in Africa, where only a handful of countries (e.g. Burkina Faso, Cameroon, Madagascar, Mauritius, Morocco and Senegal) now have more than one trade union centre. The most striking examples are Ethiopia, where a reorganisation in 1975 reduced the number of unions to nine national unions, and Nigeria, which transformed in 1978 over 800 enterprise unions into 46 national industrial unions.[6] In such Asian countries as Indonesia, Malaysia and the Philippines, governments are also trying to rationalise the trade union movement, sometimes

Table 1.1
Trade union membership as a percentage of the economically active population in OECD countries in the early 1980s

Degree of unionisation (percentage)	Country
80-90	Finland, Sweden
70-80	Belgium, Denmark
60-70	Austria, Luxembourg, Norway
50-60	Australia, Ireland, Italy, United Kingdom
40-50	Federal Republic of Germany, New Zealand
30-40	Canada, Greece, Japan, Netherlands, Switzerland
15-30	France, Portugal, Spain, United States

in co-operation with the trade unions themselves. In the Philippines, government statistics show that the number of registered trade unions decreased from about 7,000 in 1975 to 1,660 in 1980.[7]

Trade union membership

Membership of trade unions varies from one country to another, ranging from nearly 100 per cent of the workforce in certain industrialised centrally planned economies to single percentage figures in some developing countries. Exact and comprehensive statistics are not always kept and the figures available are sometimes misleading. Some rough approximations can nevertheless be given. For the 22 member countries of the OECD, for instance, the approximate ranges of trade union membership as a percentage of the economically active population[8] are shown in table 1.1.

Over the past 20 years trade union membership has gone up and down with labour market fluctuations but also with recruitment drives, the union's overall performance, the stock of accumulated demands and grievances and the political attitude of governments. Total membership of trade unions in many countries has declined recently, chiefly as a result of the general recession and the structural changes experienced in the manufacturing sector. In the United Kingdom, for example, union enrolment fell by 3.7 per cent in 1980 and 5.9 per cent in 1981;[9] in the Netherlands and Sweden, the declines were about 4 per cent; in the Federal Republic of Germany the drop was 2½ per cent during the same year.[10] In Spain, union membership decreased considerably during the period 1980-83, owing not only to high levels of unemployment but also to the relatively secondary role assigned to trade unions at the enterprise level.

However, membership has not declined everywhere. In Denmark and Norway, for instance, membership in the LO Confederations continued to rise in 1980, 1981 and 1982. Furthermore, the development of unionism during the present century shows that periods of decline or stagnation are followed by periods of growth. A 1980 analysis of total union density in selected industrialised countries indicates that there has been a long-run trend towards expansion.[11]

Demographic trends have also affected and will probably continue to affect both the number of union members and the role of trade unions in collective bargaining. In industrialised countries declining birth rates, combined with growing restrictions on the entry of foreign workers, might lead in the future to manpower shortages. While these shortages could increase the bargaining power of trade unions, they may not improve total membership figures. In developing countries, where birth rates continue to be high, unions will probably find themselves in the opposite situation, i.e. with more affiliates and less bargaining power.

Other factors affecting the growth of unions are numerous and varied: difficulties encountered in organising certain regions or sectors where anti-union sentiments or indifference towards organisation run high; the lingering opposition of certain employers; the prevalence of small and medium-sized enterprises in some countries where

lasting organisations are difficult to set up; the inability of some workers to perceive the advantages of unionisation in countries where some other bodies are assuming trade union functions; and the increasing number of part-time migrant, transient and temporary employees, all of whom are difficult to organise. These factors may explain why union membership in the United States has remained at around 22 per cent of the labour force for about 12 years.[12] Union rivalries and priority concern for macro-sociopolitical objectives, at the expense of enterprise-level activities, may account for the relatively small degree of unionisation in other countries. However, the relatively low percentage of union affiliation in some countries should not obscure the fact that union membership tends to concentrate in certain key industries and the public service, which means that in some sectors unions actually exert more influence than the overall percentage might suggest.

The inclusion of union security clauses (an arrangement whereby union membership or some of its financial obligations become a condition of employment) in many collective agreements in a number of industrialised countries (Australia, Canada, New Zealand, United Kingdom, United States) has contributed in the past to the rapid growth of membership. While in some parts of the world (e.g. most of continental Europe, certain French-speaking African countries and Latin America) the closed shop and the union shop (in which only union members may be employed) and their modified versions continue to be prohibited or are regarded as superfluous, a number of developing countries (Ghana, Mauritius, Mexico, Philippines, Venezuela) now authorise the inclusion of such clauses in collective agreements or even make provisions for their application in the law. From being a purely Anglo-Saxon phenomenon, union security has thus spread to a number of other countries and new groups of workers (e.g. public employees and white-collar workers). In addition, the underlying purpose of union security arrangements seems to have changed. Nowadays they tend to reflect the socially recognised need to promote a strong and stable trade union movement rather than the original concern with mere survival.[13]

The growth of trade unions in developing countries

The above-mentioned difficulties regarding the reliability of union membership data are particularly acute in developing countries. In most of them trade unions do not keep accurate records because a considerable proportion of their members may live in remote areas or may be employed irregularly, as in the case of migrant and seasonal labour. Quite often unions tend to inflate the membership figures for the purpose of gaining influence or recognition. In a few cases, however, local unions prefer to deflate figures in order to pay lower fees to the national centre. All of this has led some experts to suggest that in developing countries the notion of "dues-paying members" should be replaced by that of "followers" or "sympathisers" and that the measure of the real power of a workers' organisation is better represented by, for instance, the number of workers who are willing to support the union in a strike or who usually attend union meetings.

Data on dues-paying members exist for a number of countries, but they are often not comparable between countries. This is so because different criteria are used to calculate the percentage of trade union membership. Sometimes this is given in respect of the total number of wage earners or even wage earners in the non-agricultural sector, and sometimes reference is made to the total labour force or the economically active population. In spite of these difficulties, and with all due reservations, table 1.2 gives some rough indications of union membership rates in relation to the total labour force in 40 countries.[14]

Rates of unionisation in developing countries have also been affected by the current economic