

INTERNATIONAL LABOUR OFFICE

**INTERNATIONAL
LABOUR REVIEW**

VOL. XVIII. No. 6.



DECEMBER 1928

GENEVA

1928

CONTENTS

Special Articles

	Page
Economic Questions and the International Labour Organisation, by G. CURCIN	705
The Ratification of International Labour Conventions, by R. TELTSIK	714
Some Problems of Statistics of Accidents as Illustrated by the British Statistics, by J. W. NIXON	731

Reports and Enquiries

Agricultural Wages and Labour Conditions in the Netherlands	760
The Housing of Agricultural Workers in France	773
Unemployment in India	777
The Employment of Women at Night in the United States	787

Statistics

Recent Wage Changes in Various Countries :	
Austria	785
Poland	788
Employment and Unemployment	794
Index Numbers of the Cost of Living and Retail Prices	796
Wage Rates and Retail Food Prices in Various Cities	800

Bibliography

Recent Labour Legislation	803
Book Notes	825

<i>Errata</i>	846
<i>Table of Contents</i>	847

*The International Labour Office is not responsible
for opinions expressed in signed articles.*

INTERNATIONAL LABOUR REVIEW

VOL. XVIII. No. 6.

DECEMBER 1928

Economic Questions and the International Labour Organisation

by

G. CURCIN

General Secretary of the Federation of Industrial Corporations of the Kingdom of the Serbs, Croats, and Slovenes; Deputy Member of the Governing Body of the International Labour Office



In the following article Mr. Curcin approaches a subject that is especially open to controversy and has figured in the discussions of the International Labour Conference and of the Governing Body on various occasions. As far back as 1919, in fact, at the Washington Conference, it was the problem of the relations between the economic and the social that was in the mind of the Workers' Group when it declared the necessity of placing the great economic questions on the programme of the international institutions. In 1920, again, it was the same idea that lay behind Mr. Pirelli's proposal to the Governing Body that the International Labour Office should be charged with the making of an enquiry into industrial production, considered in relation to conditions of work and cost of living. And it may safely be said that it is in the same spirit that the Office has undertaken the study of the causes of unemployment, and business cycles, and that it has in a general way collaborated in the work of the Economic and Financial Organisation of the League of Nations and of the International Economic Conference.

There are however some supporters of the view that the attention thus paid to economic questions in their relation to social questions is still very far from sufficient, and that it is the duty of the International Labour Office to make a frontal attack on the study of these problems and the search for a solution. For some years Mr. Curcin has been an ardent advocate of this thesis. He has forcibly set out his views on the subject at the last two Sessions of the Conference, during the discussion of the Director's Report. Wishing to bring the argument before a larger public, he forwarded this article to the Office, with the request that it might be printed in the International

Labour Review. *We do not think it is any misrepresentation of the author's intentions to say that he has deliberately given his ideas an incisive form in the hope of stimulating further discussion of the subject.*

THERE are certain truths so generally admitted that it would be superfluous to offer any proof of them. For example, it is undeniable that the science of economics as applied to social contingencies has a social as well as a technical aspect. It is equally undeniable that most social questions have an economic aspect in addition to their technical and human aspects. This is the case with all questions having a direct relationship with the costs of production : wages, minimum wages, holidays with pay, weekly rest, hours of work, insurance of various kinds, unemployment, and so forth. It is also true of the questions which, in close connection with the economic policy of each country, have an influence upon the level of prices and the purchasing power of the population, as well as upon the cost of labour.

These are undisputed truths. Nevertheless, the economic aspect of social questions has escaped the investigations of the International Labour Conference and the Governing Body of the International Labour Office, as well as of the International Labour Office itself and of its Director. Doubtless, the reason for this anomaly may be sought first of all in the extreme complexity of economic questions, which imply profound and continued scientific study and practical knowledge, embracing all the branches of a vast subject. Now, the constitution of the delegations to the Conference and even the selection of the staff of the International Labour Office are carried out according to rules in which general knowledge of economic problems is not always given sufficient weight.

If this defect were alone sufficient to explain the anomaly it might no doubt, in spite of its gravity, have disappeared, or at least have become less marked, in course of time. The desire of the Organisation to keep in view the interdependence of economic and social problems is, however, manifested solely in the ever-increasing attention paid by it to the numerous economic studies undertaken by the Secretariat of the League of Nations. There is therefore reason to suppose that other causes have operated to prevent simultaneous discussion of both aspects of the problems with which it is dealing. These causes might perhaps be sought in the more or less conscious apprehensions described by an

employers' delegate at the last Conference as "general distrust"; without claiming that these are the *only* causes involved, they may be approximately summed up by saying that the Office and the Workers' Group of the Conference both fear that, if economic considerations are allowed to intervene, the drafting of Conventions may be checked or at all events retarded. This apprehension is as vain as it is dangerous, since in the international regulation of conditions of labour the omission of so important an item as the economic factor can at best only result in artificial and temporary advantages; while, on the other hand, it may have harmful effects for the whole of the working class. The Employers' Group, alarmed by the Director's powerful activity, probably feared that the International Labour Organisation, if it once began, might produce a series of economic Conventions, or at least of Conventions exceeding its competence — a quite gratuitous supposition in view of all the multifarious steps that go to the making of even a simple bilateral commercial treaty.

Such ill-founded apprehensions can only be explained by a failure to recognise the interdependence of economic and social questions; and evidence of the errors to which this failure gives birth is provided by the difficulties in the way of the ratification of International Labour Conventions. These ratifications still hang fire, in spite of the Director's active personal propaganda; some of the most important Conventions are interpreted in different ways at the time of their ratification; and others, even when they are ratified, cannot always be applied in their entirety. There is, in fact, in the economic life of the whole world a kind of semi-automatic adjustment, a state of equilibrium and harmony, which may be disturbed by any violent measure or arbitrary interference. The destruction of this general equilibrium of the economic organisation involves disturbance of the very basis of production, which is also the basis both of capital and of labour. No doubt the consequences of this disturbance are not necessarily immediate; they may make themselves felt at a much later date and in various forms that are not at once obvious (such as unemployment, partial or general trade depressions, etc.); but they are of such a nature that they are likely not only to deprive the workers of the benefits of the projected reform but also to make them lose certain advantages that they already possess.

The economic organs of the League of Nations, however, conscious of the dangers to peace arising from the prolongation

of economic depressions — dangers foreshadowed by certain pathological symptoms — considered that the most propitious moment for the suppression of an evil is precisely that in which we become aware of its existence. They therefore took a firm hold of all the economic problems and, in spite of the necessity in which they found themselves of confining their attention in the first place to commercial questions, showed no inclination to cede even the smallest portion of their field of research. Moreover, the competence and special knowledge that they have shown, as demonstrated by the rapidity with which results have been obtained in the solution of such problems as those of the circulation and distribution of goods, gave them ample authority to assume the rôle of arbiter in economic matters. But the domain is so vast that it calls for the concerted effort of all competent bodies or persons. In particular, it calls for the collaboration of the International Labour Organisation, the more so since many of these questions (in particular those relating to production) have a social as well as an economic aspect. In this way, not only is the danger that the International Labour Organisation may proceed to draw up Conventions not within its competence averted by the intervention of the League of Nations, but it becomes evident that its collaboration with the economic organs of the League is a necessity.

Furthermore, the masses of the workers are becoming increasingly conscious of the fact that their own well-being is closely bound up with the strength of the economic foundations. The Governments, for their part, recognise that economic peace is an essential condition for political and social peace, and that in order to conceive and realise social reforms it is necessary first of all to know the premises and to estimate their probable economic effects. This is equivalent to stating that the International Labour Organisation could not remain indifferent to the matter. It appeared at first that the opinions expressed by certain delegates to the Conference, together with certain remarks made by the Director in his annual reports, had created an atmosphere favourable to progress in this direction; and it was proposed that a committee of the Governing Body should be appointed to deal with the economic aspect of the social questions studied by the Office, and to ensure the desired collaboration with the economic organs of the League of Nations. These tentative proposals, however, met with an opposition and a lack of comprehension in the Governing Body which baffled even the Director, in spite of all

his energy and enterprise; and the project came very near to being a complete fiasco.

However, certain delegates who were convinced of the soundness of their thesis proposed to return to the charge; others, not less certain that they were right, wished to go warily in regard to taking sides or to explain their attitude. Accordingly, at the last Session of the Conference the question was raised anew. The discussion which then took place produced at the outset the following avowal, or rather statement, from Mr. Jouhaux, the French Workers' Delegate: "If there are among the workers some who are not familiar with economic problems, there are among the employers some who ignore them completely;" and the subsequent debate furnished ample proof of almost complete indifference on the part of the Government Group to the economic aspect of social questions. Finally, it afforded direct or indirect support to the thesis upheld by the employers. The Italian and French Employers' Delegates, in particular, expressed themselves in significant terms. Mr. Olivetti stated that "it is the duty of the Labour Organisation to push forward its work, taking account of economic realities, but not to find a solution or even to contribute towards a solution". Now, how is it possible to take the economic factor into account without having any complete or precise idea of that factor? Mr. Olivetti added that the Organisation "should not go in search of new difficulties which the economic organs of the League of Nations are already coming up against every day". This is an opinion which, it would seem, is not shared by the League of Nations and its economic organs, for they look upon these difficulties not as shoals to be avoided but as problems to be solved.

The International Labour Organisation, as has been seen, has attacked social questions without taking economic conditions into account. The results arrived at in this way are somewhat reminiscent of Cromwell's dictum to the effect that we never go so far as when we no longer know exactly where we are going. Mr. Lambert-Ribot made a similar observation when he stated, in substance, that only those Conventions which are intended to protect the weaker forms of labour — i.e. those forming the "sanitary cordon" evoked by Miss Bondfield — have obtained any considerable number of ratifications, while those affecting the actual processes of production, i.e. those whose application is closely bound up with economic conditions, have obtained only a very few. The best proof of this is furnished by the Hours of

Work Convention, which is regarded as the corner-stone of the Organisation. In spite of the most tenacious efforts and in spite of the changes of Government that have taken place in many countries, this Convention, adopted nearly ten years ago, and considered of primary importance by workers all over the world and by the International Labour Office, has only secured a very modest number of ratifications, most of them conditional. Even Great Britain, closely watched by all the partisans of ratification, has made a formal proposal for revision. It is very natural that a country which in five years has expended a thousand million pounds sterling on unemployment relief should wish to have a clear insight into the possible effects of the uniform application of the eight-hour day — especially the effect upon costs of production — before binding herself by the ratification of a Convention which, while introducing a social reform, also deals with an economic problem.

Mr. Lambert-Ribot, referring to Conventions of this kind, declared that they are not ripe for treatment just yet, and that, economically, they cannot be reconciled with the present difficulties. This is, in fact, the case. But it is not a self-evident truth; it requires to be proved every time it is enunciated. Now, the best method of proof is to set out the concrete difficulties that arise and to analyse the economic conditions that are here involved. If this method had been applied to all Conventions with an economic aspect when the preparatory work was in hand, the International Labour Organisation might presumably have been spared much useless effort and many bitter disappointments.

* * *

Labour legislation, the principal objects of which are the regulation of contractual relations between employers and workers, and social welfare, was doubtless — at least in its early days — the result of intervention dictated by humane, scientific, and political considerations. But its maintenance, and still more its progress, are only possible in a period of economic prosperity — that is to say, when the conditions of production offer satisfactory prospects of output and allow of reducing selling prices — which must always remain in proportion to cost prices — of the commodities consumed by wage earners. Thus, in order to appreciate various social measures at their precise value, we must begin by putting them in their proper places in the economic scheme of

things, and then ascertain the economic laws by which they are governed, examine the theories relating to them, and bring them into harmony with practical possibilities.

There are, in the social sphere, legal measures which are definitely accepted as being within the limits of the "sanitary cordon", and the cost of which has already been included in its estimates by production — showing greater powers of resistance than might have been expected — as a necessary price to be paid for progress. Without any hardship to production, these measures may from now onward be regarded as outside discussion. But all the other questions that are closely bound up with economic problems, especially those of hours of work, wages, unemployment, etc., require further elucidation from the economic standpoint. Thus, if we are considering the remuneration of labour — which is the counterpart and complement of capital, so that the connection between the two is evident — we must examine both the supply of and demand for capital, and the supply of and demand for labour, and their effects on the labour market and the level of wages. Further, there should be no misunderstanding as to any of the theories that may explain the determination of wage laws. We should also examine the differences between the theories of prices and of wages, and the possibility of harmonising them. Finally, for all these questions, we must determine the part they play both in the fixing of cost prices and in their fluctuations.

The International Labour Office should therefore begin by examining and describing the economic aspect of social questions in its various publications, in order to convince the three groups of the Conference that this is a matter that urgently calls for study. However, it would be idle to ignore the technical and budgetary obstacles that lie in the path. To allow for these, the various questions should be arranged in order of priority. The most urgent would appear to be those relating to the cost of production. For example, it seems to the present writer that the problem of unemployment, which is to be included in the agenda of an early Session of the Conference, would readily lend itself to exhaustive and detailed study of all the elements affecting the cost of production, and of all measures that might result in lowering cost prices, in increasing the competitive capacity of national industries, in stimulating or fostering production itself (e.g. by appealing to the State, the municipalities, or private initiative to subsidise the construction of railways, bridges, roads,

telegraph and telephone systems, houses, ports, electric power stations, etc.). In this order of ideas, an important place should be given to the study of the various forms of rationalisation, including the concentration of production and the improvement of relations between employers and workers. It is being increasingly recognised that hatred between these two elements in industrial production has the effect of an acid which decomposes and disintegrates. In Great Britain a movement is taking shape towards the substitution of a spirit of understanding and collaboration, if not for the class struggle at least for the struggle between trade unions and employers. Without claiming to possess the prophet's mantle, the writer ventures to recall the fact that for several years he has been preaching the gospel of understanding between the Employers' and Workers' Groups in the International Labour Organisation. Side by side with rationalisation, such problems as those of the factors determining rates of interest, profit, and rent, the question of credit, etc., must also receive attention. Any interference with the flow of money (which is ordinarily reflected by a rise in the rate of interest) checks business expansion, and consequently obstructs both the increase of production and the decrease of prices. Insufficient credit hampers both the expansion and the rationalisation of production, as well as the development of commerce.

There is of course no question of attempting to solve these problems. What has to be done in the first place is to state them, to show their connection with various social questions, and, further, to reveal the difficulties which form an obstacle to the desired harmony and the hoped-for solution, while avoiding any intrusion into the spheres of authority and competence, indispensable as these are to the prosperity of production. For a true solution we must look either to the various Governments, when the questions to be decided are national economic problems that can be dealt with by means of national laws or bilateral treaties, or to the economic organs of the League of Nations, which have to prepare for and convene diplomatic conferences for the adoption of international conventions and arrangements.

At the same time, the International Labour Organisation, so far as lies in its power, should undertake the study of all the questions already being dealt with by the economic organs of the League of Nations that have a social aspect. This is the case with most of the problems of production, to which the League of Nations, already overburdened with other tasks (commercial

and legal questions, etc.), has not yet been able to give sufficient attention. Examples of matters at present under investigation which might be of interest to the International Labour Organisation are statistics (which were the subject of a Diplomatic Conference in November last) and the treatment of foreigners. There are also certain special questions which the Council of the League of Nations, acting upon the advice of the Consultative Committee, has assigned to the Economic Committee, and which are being dealt with by the latter in accordance with a scheme of priority. Thus the Economic Committee has embarked upon the study of the coal problem; and the International Labour Office has been asked to obtain certain information which is indispensable for that purpose. Regarding industrial agreements, the Economic Committee and the Secretariat are engaged in making out a list containing all necessary details. Then there are the questions of dumping, sugar, and the economic tendencies that may affect the peace of the world, which are at present in the stage of preliminary study.

It is needless to say that, for all matters that are of interest both to the League of Nations and to the International Labour Organisation, what is required is not a mere exchange of views but concerted action, in the form of effective collaboration between the two organisations, so ordered that neither encroaches upon the competence of the other.

In past times poor economists used to be reproached with having created a science to prove that the indigestion of some is no compensation for the hunger of others. If we continue to treat social legislation as an art for its own sake, we shall run the risk of creating a science to prove that the hunger of some is still less a compensation for the hunger of others.