

Productivity and the Trade Unions in France

by

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The benefits to be gained by increasing productivity would appear to be generally recognised today. It is not possible, however, to increase productivity without the support of labour, and the attitude of the unions towards productivity questions is therefore all important. In the following article Mr. René Richard discusses the attitude of the leading French unions. After an account of the discussions and disputes concerning productivity questions that have taken place within the trade union movement in France since the war he states the principles agreed on for combined action by the unions and describes the joint organisations established to promote higher productivity and the Trade Union Centre for the Study of Productivity set up in July 1951 by the three French confederations of free trade unions. He also describes a number of experiments made in different industries by agreement between the official productivity bodies and the unions concerned.

Mr. Richard, who is a member of the Economic Council and General Secretary of the National Federation of Engineers and Senior Supervisory Staff (C.G.T.-Force Ouvrière), was vice-chairman of the French Association for Higher Productivity and founder-chairman of the Trade Union Centre for the Study of Productivity. He also took part in the Meeting of Experts on Productivity in Manufacturing Industries organised by the I.L.O. in December 1952, whose conclusions were reproduced in the Review.¹

INTRODUCTION

IN view of the present controversy—often heated—about the economic and social problems associated with the term “productivity” and the efforts of the International Labour Organisation to demonstrate and safeguard the advantages that high productivity can offer to all workers, it would appear appropriate

¹ See “Practical Methods of Increasing Productivity in Manufacturing Industries”, in *International Labour Review*, Vol. XXII, No. 4, Apr. 1953, p. 317.

to present to readers of the *International Labour Review* an outline of ideas and achievements in this domain in France since the war. During this period leaders of the free trade union organisations—the C.G.T.-*Force Ouvrière*, the French Confederation of Christian Workers (C.F.T.C.), and the General Confederation of Supervisors (C.G.C.)—and of the National Council of French Employers (C.N.P.F.) have been trying to work together on a national productivity programme. In addition, the workers' unions themselves have set up a joint technical centre for experiment and research.

One thing must be noted from the outset. When we first started work five years ago and gave our first lectures we met with no opposition but only complete indifference. Here, at least, there has been definite progress, and the problems raised by productivity have led a number of our colleagues to express some interesting opinions differing from our own. The workers are now definitely productivity conscious. As a trade unionist who witnessed and even took part in this development, I should like to recall a few of the more important happenings.

Workers have long been opposed to productivity. They are naturally suspicious of what for many years remained a hazy concept which threatened, by its very vagueness, to lead to exploitation. There has certainly been more than one example of such exploitation, and the instances that could be quoted have done much, perhaps more than any theory, to heighten the suspicion of the union leaders. But, however justified this attitude may formerly have been, most workers' organisations in France have now abandoned it. The reasons are not far to seek. First of all, great efforts have been made to give a clear and better definition of what is meant by productivity, so that it is now clear what is to be understood and accepted regarding the aims and methods put forward. In an age that recognises that social advance must be given the full support of economic progress the aim is to achieve a general increase in prosperity and welfare with the same factors of production as before, but by putting them to better use, not in the interests of one section of the community to the detriment of others but in the interests of the community as a whole and more particularly of those responsible for the increase in productivity, including the workers. The methods adopted do not impose an increased effort on the workers but are intended to increase the efficiency and hence the results of their effort by improving the circumstances in which it is exerted and applied, i.e., by better conditions of work and scientific management. The generally accepted practice of giving workers' representatives a say in the way these methods are applied affords a reasonable

guarantee that their interests will be taken into due account and that the consequences of higher productivity will be generally to their advantage. The representatives are there to see that the workers share in the advantages and are protected from any possible disadvantages, such as technological unemployment, and to ensure that full employment is maintained.

With such aims and methods, increased productivity will certainly benefit both the workers and the community in general, and workers' organisations should consequently help to further it. The General Confederation of Labour, however, persists in its opposition. According to its leaders it is idle for the workers to expect advantages from productivity without a radical change in the economic structure of the country. In a capitalist system, they maintain, the raising of productivity can only mean the exploitation of the working class; it steps up the rhythm of their work and simply leads to increased profits, while social subjugation and the unrelieved impoverishment of the working class continue to increase.

Entirely different reasons were behind the recent withdrawal of the C.G.T.-F.O. from the bodies set up jointly by the unions to work on productivity problems. It did not condemn the principle of productivity but rejected—by a small majority—some of the ways in which it is applied. After heated discussion the National Congress in November 1952 passed a motion by 5,193 votes to 4,327, with 1,422 abstentions, calling for the withdrawal of the C.G.T.-F.O. representatives from the Trade Union Centre for the Study of Productivity and all other agencies from which the Confederation failed to obtain certain guarantees, i.e., from the French Association for Higher Productivity and the National Productivity Board. The guarantees in question concerned the system of awarding productivity bonuses, which, the Congress claimed, should be covered by special works agreements, to be included automatically in a collective agreement. The Congress also resolved that no such special agreement should be signed unless a collective agreement was already being applied along the lines laid down by the unions concerned. The disagreement was thus over methods of application only and not over the principle of increased productivity, which the C.G.T.-F.O. has supported from the beginning. The following passage appeared in a document of the organisation on "The Foundations of an Economic and Social Programme".

It is essential for the working class to associate itself with productivity problems. Without the co-operation of the workers these problems cannot be examined nor a practical solution found. But the working class demands safeguards, and these will have to be forthcoming.

First of all the profits derived from higher productivity must be shared out in order to provide an incentive to the workers to co-operate. The principal factors in increased productivity are the tools and methods used.... Wage earners are ready to face up to their responsibilities—they demand that they should be allowed to do so. What they need is training and more extensive technical and general education, so that they can play their part with a maximum of efficiency.¹

The C.F.T.C. adopts a similar attitude in its support of productivity. In the general report submitted to the National Congress in 1951 the General Secretary, Mr. Maurice Bouladoux, wrote as follows :

To break the vicious circle of wages and prices it has often been urged that productivity should be increased. We have no rooted opposition to this attitude, for without parallel progress in average and over-all production there can be no chance of raising the average standard of living of the population. However, while we recognise that this is a necessary preliminary, we do not regard it as sufficient.

The report then goes on to quote the conditions advocated by the National Congress in June 1950, which include the immediate participation of the workers in the benefits of higher output and the preparation of various programmes that they are ready to discuss, particularly in connection with the investments made by undertakings.²

Recently a violent debate in the National Congress of the C.F.T.C. on the same subject that had been discussed in the C.G.T.-F.O. ended on 24 May 1953 with a directly opposite decision. Those in favour of the C.F.T.C. continuing to be represented on the three bodies defeated a motion calling for withdrawal by 1,601 votes to 983.

At its National Congress held on 30 and 31 May 1953 the C.G.C. reaffirmed its belief in the need for a productivity policy prepared and applied by managements and wage earners jointly.

THE PRINCIPLES OF COMBINED TRADE UNION ACTION

It is our conviction that productivity has to be raised if there is to be any increase in the national revenue and the workers are to receive a greater share in it. There are, however, only two ways of increasing production. The first is for managements to invest additional capital, modernise their plant and increase their potential output. The second is for every undertaking to reorganise its working methods and then make work-studies, check to see how

¹ See C.G.T.-F.O., Second Congress of the Confederation, 1950 : *Rapports Confédéraux*, pp. 93 ff.

² See C.F.T.C., 26th National Congress : *Rapport moral*, pp. 53 ff.

long machinery is idle and eliminate all unnecessary movement. In any productivity programme a reorganisation of this kind must take account of the comments of the staff, who should be generously rewarded by a share in the benefits resulting from their own ideas. If this latter method is successful, there is no further problem to be solved. If it fails and the workers are against this policy, it means that wages have not been sufficiently increased. The workers have a feeling that their employers are making excess profits from their efforts, and the only result of the policy is to disappoint the workers.

Admittedly it would not be an easy matter to increase the purchasing power of wages threefold or fourfold to bring it up to the level of the United States worker. We realise that crops and mineral resources in France are neither as plentiful nor as varied as in the United States, but we nevertheless hope that in a few years' time the position will have considerably improved with the development of the territories in Africa. We also believe that, in scientific management, we could catch up fairly quickly if we met with understanding and a readiness for change among employers and the Government.

Unlike many others we believe that the development of scientific management needs closely watching and that in the rapidly changing economy of the modern world we have to show our readiness to defend our legitimate interests by efficient and intelligent technical action, and by facing employers with able workers' representatives capable of discussing productivity problems with them on an equal footing.

The present standard of living in France is so low, however, that workers are in general sceptical and pessimistic when we present them with this vision of the future. Only too often their material difficulties are impossible to overcome, and they see no conceivable way out. They are ready to accept whatever solutions they are offered, preferably the most naïve or radical. In such circumstances can any attempt at a fairer distribution of a still inadequate national revenue hope to instil a feeling of confidence into the working population of the country?

Some believe that France's economic and social problems can be solved only by structural reforms involving a complete change in present practices, including methods of management, and by assigning entirely new tasks to each of the parts that make up the undertaking.

We do not deny the importance of this question, but feel bound to propose a solution that can be applied at once rather than in the distant future. Our solution in no way precludes a revision of the existing system and will meantime give new life to the economy.

The solution we propose is an increase in productivity, an idea over-rated by some and under-estimated by others. We shall, however, try to consider it objectively. We do not believe in the magic formula of revolution. Even when the form and membership of a government and the colour of the national flag have been changed the needs of the population have still to be satisfied. Questions of raw materials and processing arise at once, and these are difficult to solve. The immediate result of a revolution is a drop in output, and production remains at the lower level for a long time before beginning to recover. Is it necessary to run this risk when there are other possibilities of improving the standard of living of the working people? The example of the United States is proof enough.

We hold that, in order to achieve our aims, we must always be represented at any discussion of the economic and social problems that affect our future in order to defend the workers' interests to the utmost. We cannot agree to productivity programmes being introduced unless we are there to supervise their application. Our aim has been to set up collective institutions and make joint experiments in order to ensure that the workers take their proper place and are given a fair share. These institutions and experiments have not been confined to workers' unions alone; employer groups have also taken part. Productivity problems offer common ground for equitable agreement between workers and employers, as may be seen from the following extracts from an article published by the National Council of French Employers (C.N.P.F.) :

Irrespective of whether higher productivity is the result of improved and modernised equipment or of better organisation of work in the undertaking, its effects are greatly dependent on the willingness of the whole staff to participate in the common effort.

The necessary confidence and agreement will be more readily given if the heads of undertakings, recognising their responsibilities and duties, bring their staff to realise that wage earners benefit threefold from any progress that is made: they benefit directly through higher wages, they benefit as consumers through lower prices, and they benefit indirectly through investments which safeguard production for the future and make for greater security of employment.

This brings me to the principle of sharing the benefits of productivity. I very definitely maintain, as I have always done, that to share these benefits among the undertaking, the staff and the consumers is not only an imperative act of justice; it is essential to efficiency

Save in what we can only hope are most exceptional cases, where the benefits of productivity have to be devoted entirely to the upkeep of the undertaking and the maintenance of the level of employment, it must obviously, in normal cases, lead to higher wages. Such increases, however, must be clearly distinguished from increases to meet the rising cost of living or to compensate for greater individual effort. The direct interest of the workers in an increase in productivity is essential to success and is

obviously indispensable if the undertaking is to work in an atmosphere of harmony. . . .

In conclusion I should like to mention the effects of productivity on the problem of employment. Generally speaking, increased productivity, which is one way of expanding the national economy, implies a certain mobility of manpower, and the periods of unemployment which may occasionally result—to be carefully distinguished from the unemployment resulting from a crisis—are never likely to be long. In any event the national economy is capable, in such a case, of bearing the additional burden of assistance to those who have to readapt themselves.

The first duty of the management of any undertaking is to watch the consequences upon employment of any considerable increase in productivity. Only on this condition will the necessary spirit of co-operation be maintained.

It must therefore consider the probable effects of any such improvement on employment and, as far as possible, make the necessary arrangements to avoid dismissals, particularly by transfers within the undertaking.

Where dismissals cannot be avoided, the necessary action should be taken gradually and the workers affected should be warned. Every effort should be made to find them other employment, preferably in the same area.¹

THE JOINT INSTITUTIONS

The Tripartite Bodies

The initiative in the new policy came from those concerned, i.e., the employers and wage earners, who decided to work together to their mutual advantage. Having the same objective, they undertook to organise a series of lectures for the first members of the missions going across the Atlantic to see at first hand the industrial achievements and trade union organisation of the land of productivity. A private association known as the French Association for Higher Productivity (A.F.A.P.) was founded with Government support. A few months later a National Productivity Board was set up under the chairmanship of the Minister of Economic Affairs. These institutions, which are tripartite on the model of the I.L.O., soon established a number of committees which prepared the foundations for a policy which, we hoped, would produce a veritable revolution in the traditional relationships between wage earners and employers.

The Trade Union Centre

The workers' unions then set up the Trade Union Centre for the Study of Productivity. In so doing the workers themselves provided the facilities they needed for research and prepared their legitimate economic claims in the assertive and constructive spirit of modern trade unionism.

¹ G. VILLIERS, in *Bulletin du C.N.P.F.*, 5 Nov. 1952.

The Original Idea.

The French workers who went to the United States as members of study missions under the American Technical Assistance Programme to Europe were struck by the great difference between living and working conditions in the United States and in France. The trade unionists in particular were surprised to see how far the American workers' unions had developed technical services¹ to keep them informed of all production problems so that union representatives could be fully briefed for their discussions with the management and so obtain better conditions for those they represented. Having this assurance that their members would share in the advantages of increased productivity, the unions were ready to co-operate in any scheme to raise production or to lower costs by means of better scientific management or working methods.

This gave French trade unionists the idea of setting up "an institution similar to the technical services of American trade unions to supervise standards and scientific management in industrial undertakings". It was in these words that, as founder-chairman of the Centre, I described the new institution. There was a need, according to Mr. R. Bothereau, General Secretary of the C.G.T.-F.O., for "facilities for studying how productivity can be improved and how such an improvement can benefit the workers". Mr. Maurice Bouladoux, the General Secretary of the French Confederation of Christian Workers, affirmed that his organisation wished to help in the productivity drive "in order that social progress may continue without detriment to the stability of the national currency and the balance of the national economy, i.e., in order to achieve high wage levels coupled with a higher standard of living and a reduction of human effort". Mr. Malterre, General Secretary of the General Confederation of Supervisors, stated that in his opinion "the unions had to be given immediate technical assistance and, in addition, active unionists had to be trained in all the technical problems raised by productivity so that they could handle this new conception of the defence of wage earners' interests as soon as possible".

The Joint Programme.

The Trade Union Centre for the Study of Productivity was set up on 25 July 1951, when the three workers' confederations published a joint programme in which they agreed to study productivity problems and put forward joint solutions.

¹ Cf. Solomon BARKIN: "The Technical Engineering Service of an American Trade Union", in *International Labour Review*, Vol. LXI, No. 6, June 1950.

This programme, which outlined the essential tasks of the Centre, read as follows :

The three confederations of free trade unions, the French Confederation of Christian Workers, the General Confederation of Supervisors and the C.G.T.-*Force Ouvrière*¹, have jointly established a Trade Union Centre for the Study of Productivity (C.I.E.R.P.) in the form of a non-profit-making association.

The association is composed of 12 members (four for each confederation). It appoints its own steering committee of three members (one for each confederation), which is responsible for the study and research work, once the programme has been approved by the board of management.

It is interesting to note that this body is the first of its kind in France and probably in Europe. As the American experiment, the only precedent of which we are aware, has met with particular success the three confederations feel that some similar experiment should be tried in France. It is not intended as a slavish imitation—the idea is to adapt tried and tested principles to the pattern of French life.

Admittedly it would have been more logical to set up specialised services for each branch of industry, but material limitations precluded any such solution.

We feel that the work of the Centre should be mainly concentrated on practical research and the development of pilot undertakings.

The Centre intends to take account of any practical and theoretical work and research that has already been done within its field and to see that practical use is made of any work or system that is compatible with trade union principles.

The caution shown by the three trade union confederations will make it easier to ensure the atmosphere necessary for the experiments. Unless the workers and supervisory staff are ready to co-operate, the best theories are inevitably doomed to total or partial failure.

In our practical research we shall endeavour to compare a number of different undertakings marketing similar products at comparable prices. We propose to investigate their working conditions, atmosphere, hours of work and hourly wage rates. It is certain that appreciable differences will be found, showing that workers are employed in widely varying conditions and at very different rates.

It is our intention to bring out and analyse these differences and to suggest ways of improving the most unsatisfactory working conditions as rapidly as possible.

Our practical work will be especially concentrated on establishing good relations between managements and staff. Our suggestions will be forwarded to the unions concerned in the three confederations. It will be for them to call for these suggestions to be put into effect in undertakings where the work is badly organised. The agreement of the three confederations on the methods to be used will make for unity of action in pressing their suggestions.

The results obtained will be widely publicised, so that other undertakings will be induced to adopt new and better methods, which will not only increase output but also benefit the workers. This publicity will be of as much advantage to the managements concerned as to the workers.

No one will deny the urgent need to raise the standard of living of the workers by increasing wages and reducing prices. The effect of such action

¹ At its last Congress (see p. 281) the C.G.T.-F.O. decided to withdraw all its representatives, including the author of this article, from the Centre.

will be to expand the national economy by increasing both production and consumption.

Some explanation should be given of what we mean by pilot undertakings. These are undertakings in which the working conditions, equipment and organisation of the work are such that they set an example to the occupations concerned. It will be remembered that pilot undertakings of this type are part of the general programme of the National Productivity Board.

The experiments we intend to make throughout the country require the active co-operation of the public authorities, workers and employers. We feel it is superfluous to stress the moral, social, economic and political benefits which would result if these experiments were successful and were generally applied.

Our objective is not a systematic campaign for the opening of new undertakings. The establishment of a pilot undertaking necessarily implies that the management has agreed to the experiment because it understands the importance of our project and the material and moral advantages that can reasonably be expected.

To avoid dissipating our efforts we shall restrict our activities to the finishing stages in manufacturing undertakings and to a number of distribution firms. We shall preferably select undertakings in industries whose production is at present socially important.

An experiment of this kind has to be conducted with the greatest care. We believe that it is desirable to select an undertaking of medium size situated in an industrial centre, so that the value of the demonstration can be fully evident to other managements and workers.

In order to have an atmosphere favourable to the experiment, it is desirable that the majority of the workers should be members of unions affiliated to the three confederations; any of the staff not belonging to a union should understand the need for a campaign for higher productivity.

Our first experiments must be primarily designed to prove our case and must be spectacular enough to encourage others to adopt our methods.

Our assistance to undertakings will aim at spreading a wider knowledge of the methods best suited to achieve our purposes among workers, supervisory staff and heads of undertakings.

With the help of French or foreign specialists we shall also be able to offer advice on purely technical problems as well as questions of equipment, management and staff relations.

The interest of the workers in increased productivity will be established in every contract by clauses guaranteeing that their standard of living will be raised by means of fairly calculated increments in the form of wage increases, bonuses, dividends and so on. Only if this is done will the workers be ready to co-operate by helping to create an atmosphere in which production is likely to increase and by encouraging the works committee to work confidently with the management.

In the event of any disagreement a person selected by common accord between the parties may be called upon to act as referee.

It is possible that in the short run a general productivity policy will result in a slight amount of technological unemployment, and this problem should be given close attention. Apart from the regrettable psychological effect that such unemployment would inevitably have upon the workers, it might seriously jeopardise the efforts of the Centre by arousing the workers' opposition to any technical advance.

The extent to which the Centre will be able to assume its full responsibilities will depend on how far a solution can be found to unemployment of this kind.

The problem can be solved if there is sufficient co-operation between the public authorities, the trade union representatives of each of the three confederations and the employers in the branch of industry in which the pilot undertaking operates.

We shall deliberately limit our activities at first, but we should be able to expand them without much difficulty as soon as we have shown that tangible results can be obtained even in the present economic situation and that co-operation is possible between workers and employers if both sides are ready to admit that the common effort can offer each of them a fair share in the profits of the undertaking.

The principles briefly stated above will be constantly reviewed, and will be improved in the light of what we observe. We are already convinced, however, that genuine co-operation between managements and workers can yield satisfactory results for both.

If we organise our demonstration on a wide enough scale, it will greatly contribute to the country's economic development and social peace.

The purpose of the Centre was defined more exactly by the confederations which established it as—

to advise trade union organisations of all measures to—

- (a) share the benefits of productivity among wage earners, consumers and producers in an equitable manner ;
- (b) improve technical and material conditions of work ;
- (c) guarantee full employment ;
- (d) equip and modernise undertakings in order to reduce workers' fatigue ;
- (e) lower costs and prices.

The Initial Work of the Centre.

During its first seven months the Centre studied various methods of work and systems of remuneration designed to increase productivity ; at the same time practical experiments were carried out in undertakings.

The experts working for the Centre devoted particular attention to various ways of relating productivity to wages, in order to determine which gave the greatest satisfaction from both the technical and human standpoints. In these activities, which will help to give the workers a greater share in the advantages of increased productivity, they were supported by the trade union confederations.

Over the same period the productivity experiments of several undertakings were being closely followed by the Centre, which offered its assistance to the workers taking part. In the foundries, for example, officials from the Centre had talks with the employers to discuss the possible effects of the experiments on wages, vocational training and employment, and also suggested a bonus system. In the textile industry a number of employers' and

workers' organisations called upon the Centre to join them in a concerted effort to increase productivity.

Other activities are being planned, and some are already being organised. In the words of the report on the proceedings at the 1952 seminar, one of the Centre's most interesting achievements, "the objectives we have set out to achieve, with the help of all who wish to banish poverty and unemployment, is to render work more human, less arduous and, if possible, more attractive, to induce the workers in every undertaking to play an increasingly important part in the life of the establishment and to improve the standard of living of the population by raising wages and lowering costs".

Preparations for the Seminar.

Before the seminar was held a general questionnaire was sent to the 750 workers who had taken part in the study missions to the United States. This questionnaire covered 220 undertakings and a total of 500,000 workers. Its object was to obtain an honest opinion of what action had been taken in France and with what results, as well as of the nature and extent of any obstacles to increased productivity, with particular reference to the incentives offered to the staff to take an interest in the prosperity of the undertaking and the extent to which this policy was of advantage to consumers. The arguments for and against productivity had been frequently discussed in various quarters, but no reliable evidence had been available to either side since no investigations had been made. Irrespective of the arguments advanced, the impression left by this extremely detailed survey would seem to be the following:

- in many undertakings and establishments the steps taken to increase productivity necessitated bringing the equipment up to date, which shows the importance of investment and the necessary capital;

- in a considerable number of the undertakings covered, productivity programmes have resulted in improved conditions of work materially, technically, psychologically and socially;

- wage earners have rarely benefited directly from any increase in productivity;

- increased productivity has been of little advantage to consumers, and the slight advantage recorded was apparent only after a very long period;

- though productivity programmes have led to very few dismissals, trade unionists are almost unanimous in their fear of unemployment, which is consequently still their principal objection.

A number of interesting reports were drafted for the seminar held on 24 and 25 May 1952, and invitations to attend were sent to all trade unionists who had taken part in productivity missions to the United States.

Mr. Georges Levard, Deputy General Secretary of the C.F.T.C., tried in his general report to define the trade unions' attitude towards productivity. The workers, he maintained in substance, are ready to assist in raising productivity, provided they are allowed to share in the benefits. "The Director-General of the International Labour Office", he stated, "feels as we do that a generally acceptable productivity programme must be conceived as part of a far wider policy than that of taking technical action and no more; that has been done already and, from the social standpoint, has yielded the negative results that we mentioned earlier". This being so, the possibility should be considered of paying bonuses for increased productivity, thus raising the purchasing power of workers' wages and at the same time giving them a fair share in the benefits deriving from the increase. These bonuses "must be collective, additional to normal wages, specified in the contracts, verified and fair". It is for the Centre to suggest a satisfactory system which answers these requirements and which can take its place in a general policy covering wages and prices, employment and production.

Discussions and Conclusions of the Seminar.¹

All these questions were broached during the debates on productivity methods in the United States and the difficulty of applying them to industry in France. The report prepared by the Centre from the replies to its questionnaire of those who had taken part in the productivity missions was taken as a basis for discussing "how and in what circumstances the productivity of undertakings can be a factor in social and human progress". Five committees were set up. The first, on higher earnings for workers, recommended that systems of collective increments should be applied, provided that they are not a compensation for insufficient basic earnings or a repetition of already existing output bonuses. The committee on full employment studied the general factors affecting full employment in the United States, and suggested that an independent national fund should be set up to cover the risks of technological unemployment. The three subcommittees of the third committee dealt with conditions of work, works committees and supervisory staff. The committee on undertakings and investments stressed that "for the workers, investments are an assurance of a better future" and demanded that "such investments should be balanced, supervised and guided by 'joint productivity centres'".

¹ See *Industry and Labour*, Vol. IX, Nos. 11-12, 1 and 15 June 1953, pp. 351-352. See also the C.I.E.R.P. booklet *Productivité mais... plein emploi et niveau de vie* (Paris), from which the subsequent quotations and extracts have been taken.

not only within the industry itself but also throughout industry in general and at the national level". The fifth committee discussed technical implementation and lower prices for consumers.

The conclusions of the seminar were summarised in its report as follows :

1. Additional remuneration varying with productivity in each undertaking should be added to the normal wages fixed by collective agreements. Such remuneration should be contractual.
2. Technical changes must improve material conditions of work and must not lead to dismissals.
3. Full exchange of information by both sides and the training of employees and upgrading of the best of them are an essential condition for the assumption of increased responsibility by the workers in the undertaking or in the trade.
4. The initiative in increasing productivity in each industry should be taken by occupational productivity centres.
5. Judicious tax reforms, a single, compulsory accounting system, a realistic credit policy and planned investments should enable the means of production to be developed in harmony with increasing needs.
6. Technical progress should lead to lower costs and lower prices.

PRODUCTIVITY EXPERIMENTS AND STUDY GROUPS

Meanwhile the productivity experiments, backed by official productivity institutions and sponsored by the trade unions concerned, had won considerable favour with wage earners.

The Experiment in the Foundries

The first experiment, conducted in the foundries, was planned in 1951 during an inter-occupational mission. It set out to "enable every foundry to increase productivity with the help of the entire staff, the workers sharing in the benefits resulting from improvements".

The undertakings which were to be the scene of the experiment were selected by the employers' association. The ten concerns involved were taken from different branches of the industry (cast steel, aluminium, etc.), the numbers on their staffs ranging from 125 to 1,500. A further 20 undertakings, ten of them in the Paris area and the remainder in eastern France, began a similar experiment in June 1953.

Employer Commitments.

Trade unionists were associated with the preliminary work in their personal capacities and attended a meeting held to give managements and supervisors an insight into what was being

planned. With their agreement the heads of undertakings took the following decisions :

1. Employers would undertake that no reduction in staff would result from the experiment.

2. A general talk on the experiment would be given personally by each employer to the works committee, the representatives of the staff and the whole staff.

3. In each undertaking training courses would be organised by the engineers, supervisors and a considerable proportion of the workers.

4. Any wage earner making a suggestion that was finally adopted would be rewarded with a bonus equal to one-third of the annual saving made as a result of his suggestion. Any good suggestion that was not finally adopted would be rewarded with a bonus of 1,000 francs. In this case the responsible official would explain to the worker why his idea had not been taken up. In addition, bonuses of 1,000 to 5,000 francs would be paid for suggestions that did not result in any saving but made for greater safety or comfort for the staff.

5. Any worker whose output had improved would have his piece rates or hourly rates increased by a proportion to be fixed.

6. Lastly, a general productivity bonus would be granted to the entire staff of every pilot undertaking. The details would be discussed within the undertaking, but the basis would be the total output of the undertaking divided by the total number of wage earners on the staff.

As regards the fourth point it is difficult to draw a clear dividing line between improvements recommended by technical and efficiency experts and those suggested by the staff, for the effect of all of them is simultaneous and cumulative. Nevertheless the following is an attempt to show the origin of improvements recorded or expected in three different undertakings (in so far as such improvements can be expressed in figures).

	Suggestions by the staff	Recommendations	
		Efficiency experts	Technical experts
Undertaking "A"	% 21	% 28	% 51
" "B"	16	21	63
" "C"	45	14	41

Results from the Employers' Point of View.

The improvements fall into three categories—those already introduced, those in course of introduction and those still under study. It may be interesting to quote some figures in illustration of the financial implications. A total annual saving of more than 150 million francs can be attributed to these improvements for the ten foundries taking part in the experiment, the savings of the individual undertakings ranging from 1 million to 53 million francs.

The saving per head of staff varies between 3,000 and 82,000 francs, with an average of 30,000 francs for the undertakings as a whole. Improvements already introduced or in course of introduction alone account for two-thirds of these amounts.

A number of other improvements have been equally important, though their effects are impossible to estimate directly; their influence may, in many cases, be limited to the quality of the goods produced. Some of them, sooner or later, have an influence on production costs, e.g., improved machinery and tools, better upkeep, more efficient layout, closer checks on sands and metals, greater production capacity and, in some foundries, reductions in stocks.

Other improvements affect quality and delivery schedules and so influence productivity in the industries that depend upon the foundries for their raw materials, e.g., improved quality and appearance, quicker supply and more reliable delivery dates.

Finally, improvements in material working conditions affect the general atmosphere of an undertaking.

The amount of additional capital invested as a result of recommendations or suggestions varied with the undertakings from 1.5 to 13 per cent. of the 1951 turnover. Some schemes provide for long-term investments equal to half the total turnover, but up to now improvements have been made at little cost.

Results from the Trade Unions' Point of View.

On 31 December 1952 the C.I.E.R.P. made available to the unions, at their request, a general report on the results of the experiment. The details of these results for every undertaking cannot be given here, but some of the comments offered by the experts from the Centre may not be out of place.

Firstly, the list of undertakings chosen by the employers' association as the scene of the experiment was not submitted to the workers' unions. As a result the free trade union movement was hardly represented, if at all, in six of the ten foundries. The situation gradually improved towards the beginning of 1952 thanks to the presence of experts from the Centre, and by the end of the year the only works not having any union representatives from the C.G.T.-F.O. or the C.F.T.C. was the Industrial Aluminium Casting Company at Courbevoie.

Secondly, it is obviously impossible to conduct a proper productivity experiment in an industry in which there is a slump. In such cases technical improvements, whether the outcome of employer initiative or of suggestions by the workers, always have the same depressing consequences for the unions—an increase in the economic potential of the undertaking and a decrease in the workers' wages

(as a result of partial unemployment, short time or harder work without any corresponding compensation).

Thirdly, human relations have definitely improved in some undertakings. If they are ever to be satisfactory, however, certain conditions have to be fulfilled. First of all, a real effort must be made by managements and supervisors to understand the worker's interests and mentality. Normal contacts must also be established between the management, the trade union sections, the staff representatives and the works committee. In addition the workers must be regularly supplied with technical, economic and social information, so that they are really drawn into the life of the undertaking through their representatives and become an active part of a living community responsible for the welfare of all.

The C.I.E.R.P. experts also had comments to offer on the commitments accepted by the heads of undertakings. In the great majority of cases fair compensation was awarded for ideas on simpler working methods (commitment 4). Similarly, higher wages were paid to workers whose production had increased either as a result of such suggestions or in consequence of the general programme (commitment 5).

It was the sixth commitment, regarding collective productivity bonuses, that yielded the most widely varying results, some disappointing, others more encouraging. The actual methods used by undertakings varied. In some cases the system was drawn up by the management alone and put into effect without preliminary discussion; in others, for example the Sambre and Meuse Steel Works at Jeumont, the works committee drew the attention of the undertaking to the advantages inherent in a bonus system and called on the Centre to suggest a scheme. The scheme proposed was the one that brought the most substantial benefits—a 3 per cent. increase in wages over the second quarter of 1952 and a 6 per cent. increase in later quarters. A few figures will show how wages rose in individual undertakings: in one, the earnings of 28 per cent. of the staff increased by 6 per cent., in another the wages of 72 per cent. of the staff increased by 4 per cent., and in a third the wages of half the staff increased by 10-15 per cent. In addition, the general productivity bonus was introduced in seven undertakings, and in the second quarter of 1952 workers received bonuses ranging from 1 to 5 per cent. of their wages for the quarter. Nearly 20 million francs were paid out in this way.

It is true that the results are necessarily very different from those expected by the vast majority of wage earners. The programme has not yet been applied in all the foundries. The initial results, which are slow in making their appearance, will probably be followed by others more numerous and conclusive.

As regards the additional remuneration the experiment shows that managements and trade union sections will always have to study bonus systems jointly and apply them only after agreement has been reached.

Unfortunately there were often cases of total or partial unemployment, and their effects were felt in the foundries in the closing months of 1952.

The trade unions, as we have stated, demand that in every branch of industry the initiative in instituting increased productivity programmes should be left to the joint occupational centres. Now the Foundry Productivity Centre, which initiated the experiment described above, is an employers' association and, outside the personal co-operation of trade union officials, the workers' unions have never been associated in its work. It is consequently quite different from the body we had in mind, and its programme is also very different from our own, namely, that "it should be left to the occupational centres, guided and administered by the representatives of managements and workers, to investigate and solve the problems that are incapable of solution in individual undertakings; market surveys, production programmes, employment forecasts, the specialisation of undertakings, the standardisation of products and scientific and technical research are often neglected because they are outside the scope of individual industrialists".

It is now clear that these problems were also outside the scope of the Foundry Productivity Centre; only had they been solved could the undertakings involved in the experiment have escaped the crisis, but its impact brought home the need for immediate and more vigorous action.

What is the use of simplifying the manufacture of an article if another undertaking can produce it far more economically? What can be the point of saving a few coppers on the production of some component part if, by standardisation, a component common to several other products, and consequently far cheaper, can be substituted for it? Can workers really be called upon to husband every minute of their time if ignorance of the market prevents the undertaking from guaranteeing them a job?

These are problems that have not been solved; nor were they, to our knowledge, even tackled by the Foundry Productivity Centre. The future of the experiment thus still depends upon the hazards of the economic situation. In the event of a slump, the increase in productivity will certainly be blamed (it has, in fact, already been blamed) for shorter hours, dismissals and the closing down of factories. This, as far as the experiment is concerned, alienates the sympathies of wage earners and their unions and arouses their hostility.

Despite all the efforts of the foundry workers' federations, no agreement has been reached between the unions and the employers' federation on the further course of the experiment. If it had, however, the trade union leaders could have waited for fuller and more positive results before passing any final judgment.

The Experiment in Men's Ready-made Clothing

Another experiment was made more recently by the Men's Clothing Federation. The Study Centre for Increased Productivity in Men's Ready-made Clothing (C.A.P.C.O.M.A.) agreed to keep the workers' unions informed of all its analytical work and any of the projects it produced in connection with the experiment. Workers' representatives were also invited to take part in the preliminary work, which consisted of introductory talks and lectures. The trade union federations and the French National Federation of Men's Clothing Manufacturers (F.N.F.F.V.M.) then began negotiations which ended in an agreement being signed on 7 March 1953, in which the pilot undertakings of the C.A.P.C.O.M.A. undertook the following commitments :

We shall faithfully inform our staffs of how the programme is progressing and of what results have been achieved.

In no case will increased productivity result in overwork. On the contrary, an improvement in working conditions is one of the aims that we shall set ourselves.

We shall endeavour to maintain and raise the level of employment. In exceptional cases, where jobs become redundant as the result of increased productivity, we shall do our utmost to discover how far the undertaking offers possibilities of transfers and find other employment for the staff concerned in the best possible conditions.

We undertake to share the benefits of increased productivity, in a manner still to be determined, among the whole staff (wage earners, salaried employees and supervisors), consumers and the undertaking.

We shall, more particularly, encourage and reward suggestions from the staff and arrange for staff members to be associated in the general increase in productivity by setting aside a fair share of such savings as may be made and registered within our undertakings in accordance with the principles laid down in the first report produced by the National Productivity Board committee on productivity and staff co-operation.

Such individual and collective productivity bonuses must always be additional to the effective wages paid under the collective agreement and any other contractual agreements. They may not in any case, whatever their form, be used to compensate for reduced or insufficient wages.

The representatives of the C.F.T.C. and the C.G.C. reaffirm their interest in the productivity experiment in the manufacture of men's ready-made clothing and in its development within the framework of free enterprise.

All the organisations represented have agreed upon the following three points :

1. The C.A.P.C.O.M.A. will set up its own study group composed of representatives of the F.N.F.F.V.M., the C.F.T.C. and the C.G.T., with the

object of studying all problems of social relations arising in the undertakings taking part in the productivity experiment, of enabling the staff to be kept informed of the progress made in the experiment and of handling any special problem which may arise within an undertaking so that a satisfactory solution can be found.

2. The methods to be used in giving effect to the above statement by the F.N.F.F.V.M. will be discussed as soon as possible in every undertaking between the management and staff, and will be laid down in separate agreements for every undertaking. For the purpose of these discussions the wage earners will call upon the trade union organisations that are signatories to this agreement.

3. Since the spirit necessary to any fruitful co-operation between managements and staffs can only be created if stability of employment is assured, every effort will be made by managements to guarantee every member of their staff stability of employment as a part of the productivity expansion policy.

To this end the heads of undertakings will take the necessary action to avoid dismissals. Furthermore, since the turnover of staff in the men's ready-made clothing industry is fairly rapid, no staff will be dismissed as a result of increased productivity for an initial trial period of 12 months.

Where, in exceptional circumstances, workers have to be dismissed and cannot be reclassified, the problem will be submitted to the study group for which provision has been made above. It will then be for this group to suggest such remedial action as it deems appropriate if it is impossible to find a solution to the problem locally.

During this period the study group will be kept informed of the efforts being made by the employers' group to carry out a systematic study of the market, in order to keep the industry constantly expanding and maintain the level of employment.

We recognise the desirability of concluding national collective agreements for workers and supervisory staff, and the F.N.F.F.V.M.'s projects will be communicated to trade unions as soon as possible.

It is still too early to give facts and figures for this experiment, but the signature of the agreement is already a good sign. Its importance is unfortunately limited, owing to the small number of trade union members in the industry.

The Experiment in Administrative and Military Supply

Another experiment was made under similar conditions by the National Federation of Administrative and Military Supply Contractors. Trade union officials were closely connected with the preparatory work and took part in the introductory talks and lectures. After some negotiation an agreement was concluded on 17 March 1953. It reads as follows :

In view of the general requirements that are peculiar to the trade of specialised contractors to the Government, and considering also the conditions under which individual contractors operate, we shall submit the text of individual agreements on the following points to the authorised representatives of the trade union organisations that are signatories hereto :

(a) possible ways of achieving the proposed improvement in working conditions ;

(b) possible action to maintain the level of employment or, where necessary, to transfer staff while the experiment is in progress (it being understood that the agreements will not cover the social repercussions within the trade resulting, for example, from large-scale cuts in the total volume of Government orders, or from any widespread economic crisis) ;

(c) incentives for the staff to increase productivity and possible methods of associating the staff with the profits arising therefrom.

Any difficulty arising in the above-mentioned undertakings as a result of such action being taken will be brought to the knowledge of the signatories in a manner subsequently to be decided, after a joint investigation has been made into the problem.

The wage earners' unions which are signatories hereto undertake to do their utmost to fulfil the 1953 programme presented by the National Federation of Administrative and Military Supply Contractors, which they recognise as being the most highly qualified body to deal with problems of concern to specialised contractors to the Government and public services in the occupations represented within the Federation.

The representatives of the C.G.C. and the C.F.T.C. reaffirm their interest in the speediest possible consideration of this programme by the competent authorities, since its implementation is an essential preliminary to any worthwhile experiment which may later be made by undertakings.

The Experiment in the Footwear Industry

An agreement on a productivity programme for the footwear industry has also been concluded between 11 undertakings and the trade union federations of leatherworkers (wage earners, salaried employees and supervisors) affiliated to the C.F.T.C., C.G.T.-F.O. and C.G.C. It begins by stating the objectives of the programme, namely—

(1) to improve working conditions and ensure the more efficient use of raw material, without requiring of workers excessive efforts and consequent overfatigue which would endanger their safety or jeopardise the rights of the human person and respect for human dignity ;

(2) to improve the quality and increase the quantity of the products made available to consumers ;

(3) to raise the purchasing power of workers' earnings by increasing wages, extending individual or collective benefits and reducing costs ;

(4) to maintain and raise the level of employment, if need be by making the necessary transfers.

A joint study group has been set up to implement this programme, composed of three representatives of the trade union federations mentioned earlier and three representatives of the undertakings signing the agreement. This study group is responsible for "following the progress made in productivity by the various undertakings covered by the agreement, enabling the staff

to be kept informed of the course of the experiment and studying any problems that may arise in undertakings, so that satisfactory solutions can be found".

The agreement also includes a number of other provisions on staff information exchanges, employment and incentives. On this last point, the agreement states that, since it is important for the staff to be associated in any general increase in productivity, "the head of every undertaking signing this agreement will set aside a fair share of the results of increased productivity in his undertaking, to be allotted to the staff in accordance with the principles laid down in the first report produced by the National Productivity Board committee on productivity and staff co-operation".

It is still too early to form any impression of this experiment, but the staff would certainly seem to have won considerable advantages. The proof, if any should be needed, is provided by a case reported by Mr. Gaston Tessier, the French Workers' delegate to the recent session of the International Labour Conference. After recalling the debate on productivity at the 27th Congress of the C.F.T.C. on 25 May 1953, he stated :

Two days earlier the French Federation of Christian Railway Workers, in collaboration with other bodies, secured an interesting result. Since the Liberation railway staffs have greatly improved the level of traffic both of passengers and goods ; however, the decrease of staff through the stoppage of recruitment and the pensioning-off of workers, coupled with this increase in productivity, has led to substantial savings in man-hours. During the negotiations held on 23 May the Minister of Public Works agreed to allow the railwaymen a real share in the benefits of increased productivity. These included the immediate payment of a bonus of 5,000 francs, a monthly bonus of about 4 per cent. of wages with a minimum of 1,000 francs and some extra adjustments to bonuses already included in wages. The agreement will mean an improvement of 12 per cent. in purchasing power by the beginning of 1955.¹

CONCLUSION

In several countries of Western Europe the economic and social developments of recent years have led the workers' unions to modify their reserved or hostile attitude to productivity and to take a practical interest in the problem. No attempt will be made to give a full account of their activities and views, but a few of the more recent illustrations of their attitude may well be quoted ; they are particularly revealing since they are taken from the records of important international workers' federations.

The International Confederation of Free Trade Unions (I.C.F.T.U.), for example, has repeatedly expressed its support

¹ International Labour Conference, 36th Session, Geneva 1953 : *Provisional Record*, p. 46.

for increased productivity and has indicated how it ought to be achieved. At its session held in Brussels in March 1952 the European Regional Organisation of the I.C.F.T.U. stressed the importance of productivity in protecting the standard of living of the workers in the present economic situation, provided that the unions are associated in all measures to increase it. The General Council of the I.C.F.T.U., meeting in Berlin in July 1952, affirmed that: "In view of the favourable conditions that rising productivity creates for improvements in living standards, trade unions will usually agree to or even foster the introduction of better methods, provided that the wage and employment interests of the workers are adequately protected. If they can be assured that the workers will share in the benefits of higher productivity, trade unions will be prepared to co-operate in finding scope for improvements and to take part in joint consultation with a view to the introduction of improvements in technique and organisation."

The European Regional Conference of the I.C.F.T.U. held in Lugano from 22-24 October 1952 adopted a resolution reiterating "its willingness to support any genuine effort to increase productivity in the various economic sectors, whether on the national or the European level, provided that: (a) all measures in the various stages of preparation for and application of increased productivity are taken in agreement with the workers' organisations; (b) the workers are assured of getting their full share in the benefits resulting from higher productivity and production in the form of increased standards of living; (c) due regard is paid to the economic security of the workers, so as to avoid any increase in unemployment".¹

About the same time the International Federation of Christian Factory and Transport Workers' Unions at a Congress at Locarno adopted a resolution welcoming increased productivity provided that the resultant advantages were fairly shared between workers, consumers and capital.² At its Ninth Congress (Amsterdam, 29 April-1 May 1952), the International Federation of Christian Rail and Tramway Workers' Unions, which is affiliated to the International Federation of Christian Trade Unions, noted "the efforts made in every country and in every branch of industry to increase productivity". It stated that "these efforts cannot succeed without close collaboration with the employees themselves" and stressed that "this collaboration is essential to prevent technical developments being taken to extremes to the great detriment of the worker's personal and family interests".³

¹ See *Industry and Labour*, Vol. VIII, No. 12, 15 Dec. 1952, p. 481.

² *Ibid.*, p. 483.

³ *Ibid.*, Vol. IX, No. 8, 15 April 1953, p. 251.

All these various but concordant statements are well reflected in the activities of the workers' unions in France that have been studied in this article. In publishing their joint programme in July 1951 these unions were ahead of workers' groups in other European countries. Since then our organisations have suggested that our aims should be consolidated to form a national plan to serve as a guide to the expansion of the national economy, without which full employment is impossible. They have also brought their conclusions to the notice of the workers and employers and their unions and associations, as well as of the public authorities themselves. This is only natural, since the reforms that we are hoping for will be as much the work of individuals as of administrations, laws and regulations. What needs changing, in fact, is the mentality of the entire nation. In this continuing effort, which is being made in many countries, though particularly in France owing to the gravity of the problems raised, the workers' unions are co-operating with employers' associations and governmental agencies. The contribution made by the workers' unions in France to this joint effort has been covered in this article. The importance attached to it by governments and employers, not only in France but also in many other countries, is sufficiently evidenced by the activities of the various national productivity centres¹ and by the European Productivity Agency recently set up by the Organisation for European Economic Co-operation. In this, as in the many other matters in which they have a common interest, no better example could be found of co-operation between governments, employers' associations and workers' unions than the International Labour Organisation. Not only has it shown the way to increased productivity, followed by an equitable distribution of the benefits²; in this, as in all the questions that it handles, it offers the unique example of an international organisation in which workers' representatives take part and meet each other. This tripartite co-operation is for us the best assurance of the social attitude necessary for progress in productivity.

¹ Cf. Jean FOURASTIÉ : "Towards Higher Labour Productivity in the Countries of Western Europe", in *International Labour Review*, Vol. LXVII, No. 4, Apr. 1953, p. 340.

² As long ago as 1950 the Report of the Director-General of the I.L.O. to the 33rd Session of the International Labour Conference devoted an entire chapter to productivity. Since that time the question has never ceased to be one of the major preoccupations of the I.L.O. It was discussed at a recent meeting of experts on productivity in manufacturing industries organised in Geneva in December 1952. It was also the main theme of the Report of the Director-General to the 36th Session of the Conference (1953), entitled *World Labour Report 1953*.