

Management-Labour Relations in Selected Arab Countries: Major Aspects and Determinants

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As they embark on the early stages of industrialisation the need to secure a satisfactory working relationship between management and labour raises a difficult problem for the underdeveloped countries, for both sides lack the traditions and experience enjoyed by their counterparts in the more industrialised nations.

In the following article Mr. Sayigh, who is Director of the Economic Research Institute in the American University of Beirut, examines the state of management-labour relations in five Arab countries, paying particular attention to the role of government and to the difficulties of steering a middle course between excessive control of industrial relations and a policy of laissez-faire which might deprive the workers' movement of the protection of which it is particularly in need during its early days.

ONLY if a writer is satisfied with very broad generalisations on this topic will he be able to include within the narrow limits of an article a discussion on countries as different on demographic grounds as Egypt and Iraq, or on social grounds as, say, Lebanon and Jordan. While partaking of many common cultural, social, and economic features, the Arab countries possess certain marked differences with regard to population pressure on resources, literacy levels, development of labour skills, and factory organisation. Looked at more closely the differences can be discerned clearly even within each country—between sectors, between different forms of business organisation, and between firms of different sizes.

Certain limitations have been self-imposed in this brief discussion, so that the generalisations may not be so broad as to become meaningless. First, the countries to which the discussion refers are Egypt, Syria, Lebanon, Jordan and Iraq.¹ Second, only

¹ This article was written before the merger of Syria and Egypt into the United Arab Republic, or the union of Iraq and Jordan into the Federal Arab State.

the industrial sector is examined, since it is particularly here that management and labour are two clearly identifiable groups with a distinct pattern of relations. Third, most of the generalisations refer to establishments employing ten or more workers, i.e. the size of establishment at which management-labour relations can be said to begin being formalised.¹ Fourth, foreign establishments are not included in the survey since they represent a special case which, though certainly worth examining, must more appropriately be left out of the present discussion. Fifth, government-run establishments like public utilities and railroads and airways are excluded from this survey; only firms under conditions of private enterprise are included.

This study is not based on large-scale empirical research; it is rather of an impressionistic nature, the impressions being the product of close acquaintance with economic conditions in the area and of attention to management-labour relations in it.

In the next section the major aspects of management-labour relations in the five countries selected will be broadly sketched. Analysis of the determinants of these relations will be attempted in the third section, and some inferences will in conclusion be drawn from the study of the major aspects and the analysis of determinants in the fourth, and last, section.

For the purposes of this discussion management is taken to refer to the higher echelons in the entrepreneurial organisation², at the level where important decisions in the firm can be, and usually are, taken. Labour is taken to refer to the lower strata of the working force, just under the supervisory level in the hierarchy. The relations surveyed cover a wide gamut, such as personal connections, terms of work, processes of contract negotiation, communication upwards and downwards, training at the expense of the employer, fringe benefits, and labour association.

¹ In Egypt manufacturing establishments employing ten or more workers in 1954 numbered 3,960 with 243,100 workers, or 60 per cent. of the total industrial labour force (Republic of Egypt: *The Permanent Council for the Development of National Production* (1955), p. 7). In Lebanon establishments with ten or more workers numbered 830 in 1955 and employed 28,256 persons, or some 80 per cent. of the total industrial labour force in establishments with five or more workers covered by the census (Government of Lebanon, Ministry of National Economy: *Industrial Census of Lebanon, 1955* (Beirut, 1957), pp. 7 and 28-34). Iraqi industrial establishments employing ten or more persons in 1954 numbered 737 (about 3.3 per cent. of all establishments) and employed 44,410 persons, representing some 49 per cent. of the total labour force (Government of Iraq, Ministry of Economics: *Report on the Industrial Census of Iraq 1954* (Baghdad, 1956), p. 21). There are no proper industrial censuses for Syria and Jordan.

² Frederick HARBISON: "Entrepreneurial Organisation as a Factor in Economic Development", in *Quarterly Journal of Economics* (Cambridge, Mass., Harvard University), Vol. LXX, Aug. 1956, pp. 364-379.

MAJOR ASPECTS OF MANAGEMENT-LABOUR RELATIONS

Personal Relations and Lack of Hierarchy

The first aspect the observer notices in all but very large establishments is the personal relationship between management and labour. An unduly strong element of familiarity exists which deprives procedural arrangements and instructions of part of their weight. At the management level this aspect leads to the expectation of greater readiness by labourers to accept hardship or harsh working conditions, and to forgo some improvement in these conditions, than would otherwise be expected. At the level of labour it leads to the expectation of greater ability to "get away with it"—to be somewhat careless or inefficient without serious punishment by management.

This relationship ought not, however, to be understood to indicate the pervasion of feelings of human brotherhood, or the promptings of some high-principled and compelling moral compunction. Nor does it go beyond the manifestations observed inside the firm: in other words it rarely reaches into the area of social relations such as visits, parties, or other non-business contacts.

Closely related to this aspect is the existence of direct or non-hierarchical relations, associated with excessive centralisation of authority in top management. The weakness of "bridging" authority—that is, authority at the submanagerial and foreman level—accentuates this polarisation with top management at one end and labour at the other.

Expressed differently, the situation is characterised by the relative rarity of established and institutionalised rules and procedures which carry weight as coming from *management* rather than the *person* of the manager. But this difference will be explained more fully further down in another context.

Many observers have tended to emphasise—even to exaggerate—the shortage of industrial entrepreneurship in the Arab East¹ to the point of almost neglecting the serious implications of the scarcity of first-class, well trained managerial talent. But even those persons who cannot be accused of such neglect have

¹ See, for example, A. J. MEYER: "Entrepreneurship: The Missing Link in the Arab States?", in *Middle East Economic Papers*, 1954 (Beirut, 1954), pp. 121-132. A sharp contrast is presented by Charles ISSAWI: "The Entrepreneur Class", in Sydney N. FISHER (Ed.): *Social Forces in the Middle East* (New York, 1955), pp. 116-136; also by the writers of several papers read at the Harvard Colloquium on Entrepreneurship in the Middle East held at Cambridge, Mass., on 9 and 10 May 1957, particularly John B. Harbell, David H. Finnie, Frederick H. Harbison, John Murray and Yusif A. Sayigh.

often failed to attach enough importance to the problem of the shortage of adequately trained personnel at the submanagerial and foreman level—the “sergeant-major” level in manpower. The obvious problem that seems to have caught the attention of educators and planners has been the low level of technical knowledge. The reply has been a rush to technical training at the engineer level. But the top technician, as much as the top administrator or manager, suffers from the thinness in submanagerial or sub-technician ranks, the members of which alone can adequately form a link in communication between the higher members of the entrepreneurial organisation—managers and engineers—and labour. Thus communication downwards as well as upwards is faulty and most inadequate, even in large establishments with very well qualified management.

Although the seriousness of this problem is steadily gaining recognition, the supply of submanagerial personnel is still quite seriously short by and large, particularly in Jordan, Syria, and Iraq—in that order. The problem is of specially far-reaching significance because there is little that can be done about it in a short period of time. The services of a foreign manager can be hired far more easily than those of a dozen foremen. This is not only because an economy's requirements in managers will almost certainly be far smaller quantitatively than its requirements in supervisors and foremen, but because such personnel have to be indigenous, since on them will devolve the responsibility of interpreting managerial and technical instructions and therefore of keeping in close and continuous contact with labour further down in the pyramid of manpower.

Partly because of the personalised, rather than the institutionalised, type of relationship existing between management and labour, partly because of sociological factors which we shall discuss further down, and partly because of the inadequacy of supply of submanagerial personnel, the line of hierarchy between management and labour is thin. Hence the predominantly direct relationship between management and labour to the point of interference by the former in the details of the conduct of work. In turn, this “familiarity” weakens the professional and hierarchical awe that management would otherwise inspire in labour.

Social Status and Its Role in the Undertaking

The third major aspect is that both management and labour carry their relative social positions and importance largely intact from the social into the economic realm. With the middle class

definitely emerging but still not a predominant force except in Lebanon and Egypt under the revolutionary régime, and less so in Jordan, Syria, and Iraq, positions of managerial power can still be largely associated with positions of social power; economic relations and attitudes are not nearly fully liberated from social relations and attitudes. This is not to say that managers are all higher in the social hierarchy than workers, or that workers coming from social steps higher than foremen or managers are likely to be insubordinate—although cases like these have been experienced, for instance, in the oil industry in Arabia and the Persian Gulf area. It is merely to say that social superiority considerably enhances superiority in the hierarchy of business organisation.

The phenomenon we are describing, coupled with certain economic forces to be discussed below in the next section, manifests itself in an acceptance of authority by labour which goes beyond the limits customary in more developed communities with a system of free enterprise. Thus labour accepts unduly long hours, slow advancement and promotion, the undertaking of personal service outside the labourer's duties proper, as well as the employer's failure to provide labourers with some training and to enable them to enjoy the benefits of specialisation, and his failure to install adequate safety measures and generally to provide appropriate physical conditions of work in factories. In short, labour's acceptance of authority deriving from the projection of the privileged social position of management leads to general acquiescence on the part of labour.

Here one might suggest the presence of a paradox in the situation: on the one hand a personalised relationship between management and labour; on the other the failure of management to do more for labour. The explanation will come out more clearly when we turn to discuss the determinants of relations in the next section. However, it ought to be pointed out briefly here that it is perhaps the abundance of the supply of labour services that explains the apparent inconsistency in the behaviour of both management and labour.

A further manifestation of the non-formalisation of labour relations must be singled out here independently owing to its importance, although it belongs more properly to the third major aspect just discussed. This is the rarity of written contracts between employers and employees. Some form of verbal contract is more often drawn up between the two parties, but this is usually a form that binds the employee and leaves the employer free to act as he sees fit. It is only in large establishments that written contracts are encountered.

Lack of Mutual Comprehension

The weakness of the labour force in expressing its desires and feelings, and the inexperience of management in sensing the implicit but unexpressed collective will and wish of the workers constitutes the fifth major aspect of management-labour relations and gives rise to what looks like yet another paradox. In expecting a good deal of effort, loyalty, and even personal service from labour beyond what it really ought to offer on the grounds of the pay and conditions of work generally provided, management basically projects its own incentives and motives into labour's realm of behaviour and expects labour to espouse these. The paradox here is that labour's resentment of such projection is not stronger than it usually is. Perhaps this can be largely explained away by reference to the personalised relationship between management and labour which counteracts any extreme form of resentment. However, as soon as the relationship gets more institutionalised and labour better organised, the resentment takes more non-co-operative forms and expresses itself in disputes and strikes very much as it does in industrialised Western countries.

Sixth, management does not show adequate awareness of its responsibility to invest in training, social security and social insurance, and other benefits and amenities to labour, even when labour laws require some or all of these. They are considered "luxuries" management can ill afford; if anybody is to meet the costs involved, management thinks, it ought to be government. While this aspect of management-labour relations predominates by and large, exceptions to it are becoming numerous in large corporations in Egypt, and to a smaller degree in Lebanon and Iraq. Employers of large groups of workers under conditions of factory organisation are rapidly coming to realise that it is in the interest of management, as of labour, if the workers receive some training as well as certain social amenities at the expense of management.

The seventh aspect, closely related to the preceding one, is that of low wages, harsh terms, and insecurity of employment—in fact if not under the stipulations of the law—in most small and medium-sized establishments, and in some of the larger ones too. It is little consolation to the wage earner to argue with him that the low level of his wage is largely a reflection of the low level of his productivity—even though this may be broadly true—if his wage barely allows him physical subsistence.

Conditions like these create an element of shiftiness in the worker's behaviour—a weak sense of commitment to the job and to the employing firm and a readiness to move out on the slightest promise of improvement of terms. This in reverse creates a situation

where the security of employment which management is willing to offer is perforce very low. Here again it is not very useful to argue that were management to offer better terms labour would become more firmly committed and therefore likely to reach a higher level of productivity, even if this is largely true, when nobody is willing to finance the period of waiting between the improvement in terms and the rise in commitment and productivity that would justify this improvement. Consequently, the vicious circle remains largely unbroken in most undertakings, in most industries.

Weakness of Labour Association

The eighth major aspect is that there is very little effective labour association in the countries under study. This phenomenon is both a cause of the relatively unsatisfactory conditions under which labour generally operates, and an effect of these same conditions in the sense that labour dare not run the risk of displeasing management to any serious degree. There is in effect a critical point which labour does not usually reach, and rarely passes, in expressing its discontent and seeking effective redress through association in unions. Labour generally feels at the mercy of management—mostly because of the abundant supply of unskilled and semi-skilled labour services which can readily be drawn upon if labour organisations become difficult to handle and too demanding for management's taste.

The fact that unskilled and skilled workers can be brought in at short notice and with little, if any, training to replace unco-operative employees gives management a false sense of security and immediate relief. Management generally fails to assess the full weight of the danger involved. The failure is perhaps the product of poor cost-accounting methods used (if proper accounting exists at all in the establishment) and the inability of such methods to uncover the irrationality of the stand of management.

Before turning to an examination of the determinants of these major aspects of management-labour relations, it is necessary to state that, although as a general rule employers try to give their workers even less than labour laws stipulate, cases exist in every country where employers offer employment terms and install physical working conditions tangibly better than those required by statute. This produces a situation quite unlike that of the majority of establishments where labour will be lucky to obtain the terms, conditions, and benefits stipulated by law, modest as they may be, without a struggle. Liberality in the terms offered in the small proportion of cases where it occurs has only a mild influence on the behaviour of most employers, except where skilled labour

is concerned. Otherwise, the abundance of unskilled and semi-skilled labour largely counteracts the influence on wages and other employment terms of the employment policy of the liberal few.

DETERMINANTS OF PREVAILING RELATIONS

The search for determining causes that make management-labour relations what they are carries the observer deep into economic phenomena, but also far from the economic into the social, cultural, and political fields. It is no less difficult to single out and analyse these many determinants than to disentangle them. Yet one is forced, if only for the sake of convenience, to argue much as if individual determinants were in effect indistinguishable and acting in isolation from each other.

General Poverty and Labour Surplus

The first pervasive and almost obvious determinant is the poverty and low income level of the segment of population which supplies industry with the labour it requires and, in Egypt, Lebanon, and Jordan, the presence of large reservoirs of manpower in the rural areas which, with only a slight economic pull in the urban centres, oversupply the industrial sector with unskilled labour. The pressure of labour supply on both natural and man-made resources and on economic opportunity weakens the bargaining power of workers and, conversely, strengthens the hand of management. The incomes of labourers and potential labourers in unskilled occupations are, on the whole, so low that they provide little, if any, over and above consumption requirements at a minimum level of subsistence, especially in countries with very dense populations. Social security services are nominal, even where provided by management under the law, a fact which further adds to the helplessness of the workers on realising that they have little to fall back upon if they challenge the employer's authority, or leave or refuse employment because of unattractive terms. What aggravates matters further is the high degree of underemployment in the agricultural sectors of Egypt, Jordan, and Lebanon; this narrows the range of alternatives almost to nothingness in extreme cases.

However, while the general picture just drawn is true of the situation as a whole, it is less true of large establishments employing a large labour force; these establishments normally pay wages, and offer fringe benefits, well above the average even though they could offer less and yet attract enough labourers for their purposes. In

these cases the determining factor is a mixture of enlightenment and concern with public relations.

The case of Iraq and Syria is quite different from that of Egypt, Jordan and Lebanon as far as the population-land ratio is concerned, since in both Iraq and Syria large land resources remain untapped and can be brought under the plough with relatively little expense and effort. However, in Iraq other non-economic factors come into the picture and weaken the position of labourers, which otherwise—on the grounds of employment opportunities and low population pressure on resources—would be strong. Syrian industrial labour, on the other hand, is benefiting from the economic realities of the situation especially since the Government has taken a very protective attitude.

Low Levels of Skill and Productivity

The second determinant is the low level of technical skills generally required, and the ease with which workers qualify for jobs, deriving mostly from the relative simplicity of the industrial organisation and processes involved in most existing industries. Hence the presence of a large reservoir of unskilled labour with men competing for a limited number and range of job opportunities. This competition readily and adversely influences the position of semi-skilled and even of skilled workers. Thus, these last two groups, and especially the semi-skilled, feel little protection in the fact that they have some skills. The frontier between the unskilled and the semi-skilled, and between these last and the skilled, is quite narrow and movement across it is quite easy.

The very skilled are naturally in the strongest bargaining position, but the absolute strength of their position is a function of the extent to which employers appreciate the value of thorough training and a high level of aptitude and provide the opportunity for the use of skills. The fact is, however, that they do not always show such appreciation, particularly in the case of foremen and supervisors, who have a very important role in interpreting managerial and technical decisions and attitudes, and operational orders, to labour.¹

Fortifying the determinants already mentioned is low productivity making for low wages, which in turn make for the poverty and physical and educational privations that keep pro-

¹ See F. H. HARBISON and I. A. IBRAHIM: "Some Labor Problems of Industrialization in Egypt", in *Annals of the American Academy of Political and Social Science*, May 1956, pp. 114-124, for a case study of an otherwise highly developed organisation in which the role of foremen and supervisors is confused to the point where this class of personnel have become demoralised.

ductivity low. This sequence, probably appearing in a circle, disarms labourers in their—largely hidden—struggle with management for higher pay and better working conditions. Legislation fixing minimum wages and specifying conditions, which each of the countries surveyed except Jordan possesses, fails to be rigorously obeyed where it disagrees pointedly with economic realities. The avowed determination of governments to see laws implemented meticulously only forces most employers to be inventive in evading the laws or in compensating themselves deviously at the expense of labour. But more on the issue of labour laws will be said later.

Weakness of Intermediary Links between Management and Labour

One of the main reasons for misunderstanding in the larger establishments is the weakness, already mentioned, of the intermediary link between management and labour, namely foremen and supervisory personnel. This category of personnel is perhaps the least satisfied in any country, since its members have one eye on a status they covet—that of management—and the other on a status they are supposed to keep—that of labour. In the countries under survey the foreman and supervisor class is generally of a low level of training, yet it shuns manual work even if for purposes of demonstration to labourers further down in the manpower pyramid. Workers receive much less guidance from this class than is rightly expected by labour and management, and management allows the class less authority than it rightly expects, with the result that communication between management and labour and in the reverse direction is quite poor. The poverty of communication adds to the area of friction, misunderstanding, and non-co-operation existing for other reasons.

The social system is still characterised by strong blood ties and loyalties, and by a form of "political feudalism" which, until recently, only rarely placed politicians in a position of authority based on the strength of a party system or of rational persuasion. The individual feels the compulsion to bow to any form of discipline involving the hardship of sustained effort much more strongly if the discipline is imposed within the framework of blood ties or the authority of leaders to whom he personally owes allegiance. Consequently, rigorous factory discipline is difficult to impose, unless it is administered with a heavy hand or on the strength of the social position of the manager or employer.

The generalisation just stated, however, must not be accepted without qualification, particularly with regard to the larger urban

centres of the countries surveyed. But it stands correct on the whole, especially if one remembers that the impact of the social system is often not obvious but is misleadingly tucked away underneath other factors influencing human behaviour.

Impact of Industrialisation

To the social system as a determinant of management-labour relations must be added the factor of the novelty of large, complex-process establishments and the near-absence of a precedent or tradition of orderly, well defined industrial relations to draw upon. The combination of both factors produces a situation in which discipline becomes difficult to impose without pressure and heavy-handedness and in which authority has to be continuously reaffirmed, rather than one in which authority derives from the prestige of a smoothly operating managerial organisation.

The state of flux in social systems shaken by the onset of industrialisation and the substitution of new human relations for a long-established pattern of relations and loyalties, and the novelty of the processes, institutions, and economic and organisational relationships in the "new order" have not yet allowed Arab societies enough time for appropriate adjustment. The labour force is still going through the transitional period with its concomitant confusions, maladjustments, discontents, and perplexities.

What one sees as a result is often perplexing, paradoxical, and difficult to defend, if not to explain. Thus, in spite of poverty, workers do not readily respond to the attraction of greater income prospects outside their accustomed milieu. On the other hand, even if they move towards the areas of better economic opportunity, they display a surprisingly low degree of job-commitment in people who badly need every penny earned. And, in spite of growing familiarisation with a money economy and the widening range of spending possibilities, signs can still be seen of a low income-elasticity of effort supply among labourers only slightly removed from village origins. Labour legislation, well meaning though it may be, has a large element of artificiality in the circumstances, because the forces that determine attitudes are perhaps so strong as to defy the effective operation of laws—which goes far to explain on the one hand the power that management has over labourers, so long as they remain on the job, and on the other hand the relative helplessness of management as soon as labourers decide to leave in obvious defiance of what one might consider the normal processes of supply and demand.

Another paradox can be seen in the amount of effort that labourers are quite often willing to exert for little pay. The explana-

tion may be found in the tradition of work ingrained in the psychology of the working classes, both through the strong and penetrating effect of religion and religious tradition with its injunctions for hard work, and through the strong compulsion of sheer economic need.

Rudimentary State of Trade Unionism

A further point of great importance in connection with the nature of management-labour relations is that labour organisation and trade unionism are still at a preliminary stage of development in these countries. Thus, even in Egypt with a large industrial labour force and a union membership of over a quarter-million in some 900 unions, the movement is definitely weak—in fact much weaker than the figures indicate. The other countries under survey here show even slower progress. Syria has some 250 unions with nearly 28,000 members, of whom about 15 per cent. are in industry—or less than 3 per cent. of the industrial labour force. Iraq has 12 unions with some 7,000 members; Lebanon, 42 unions with 5,000 members; and Jordan, 23 unions with 4,000 members. Industrial labour unions are mixed with transport (and in some cases hotel and restaurant) unions in the figures just quoted for Iraq, Lebanon and Jordan; it is therefore very difficult to gauge the relative power of the labour movement in industry. The only generalisation that can safely be made is that unionisation has not got very far at all outside Egypt, and that its power is even smaller than its numerical strength might suggest.

In more cases than not in the countries under survey the labour movement largely echoes the wishes of government and of employers, and labour unions—even though not formally so—are in fact company unions and government unions.

The movement is weak. But its weakness is not solely the result of its novelty; it also stems from the inescapable onus of poverty and the narrowness of the range of employment opportunities. Left to its own resources, the labour movement is almost powerless under present circumstances. Thus, in effect, labour organisation is a determinant of present management-labour relations only in a narrow sense. It is not a primary factor—the state of its evolution is itself the product of general economic and social conditions in Arab societies and it is therefore not likely to take the shape and acquire the power to influence those relations unless the underlying economic and social realities permit the transformation.

Under the circumstances employers are by and large powerful enough to defy the labour movement; so governments feel they cannot without serious consequences of social unrest leave it to

fight its own fight alone. The conclusion which governments draw, namely that they should join forces with labour—at least in legislation—adds power to the otherwise weak position of labour. But in return for this support governments expect a docile and wieldy labour force and labour movement.

This joining of forces between government and labour—though only nominal in certain cases—turns the attitude of employers into one of hostility and defiance, or where this is not expedient, as in Syria and Egypt, into one of evasiveness and subtle disengagement when possible. The effect of all this on labour is to make it welcome government support but resent the attempts made to dominate it and the excessive limitations imposed on its manoeuvrability, especially since labour feels that government support is quite often almost restricted to legislation and falls short of the strict implementation of laws. And where employers are concerned, labour feels all the more bitter for being weak and having its weakness exposed to the eyes of employers, particularly outside Egypt and Syria. Management-labour relations in such circumstances cannot be conducted in an atmosphere of mutual confidence and co-operation.

Influence of Legislation and the Role of Government

Repeated reference has been made to labour laws and regulations and the degree of their effectiveness in protecting the labour force. Labour laws and regulations exist in each of the countries surveyed, though they vary in comprehensiveness. At the one extreme there is Egypt, with legislation covering most aspects of labour relations, such as recruitment and contracts, minimum wages, maximum hours of work, leave provisions, family allowances, special amenities, unionisation, employers' liability to labourers on the occasion of illness, disability, and death, apprenticeship, women's and children's employment, severance, strikes and disputes and the settlement of disputes.

At the other extreme is Jordan, which has no labour code, but only a few *ad hoc* provisions. Lebanon, Syria, and Iraq fall between the two extremes, with Lebanon the least provided with legislation because it is least agreeable to government interference in the operation of the economic system.

In Egypt, as in Syria, labour and employment conditions and terms are largely determined by the Government, whether through legislation or through direct action. In the case of Egypt this is partly in order to safeguard labour in the absence of a strong labour movement; partly because there is a superabundant labour force which, if left unaided, would be in a very weak bargaining

position; and partly because the prohibition of strikes under present legislation would deprive the labourers of a weapon of last resort with which to face employers on controversial issues.

Labour legislation in Egypt is enforced rather rigorously, except that concerning minimum wages, which is more difficult to implement effectively. As in all the other countries under survey here, social security and social insurance provisions are mostly nominal, if they are mentioned at all in labour laws. Otherwise, industrial labour in Egypt is governed by a labour code that is quite protective, thanks both to a vigilant Government and to a growing labour movement strongly supported by it.

As has already been mentioned, Syria also provides an example of a country where management-labour relations are to a large extent determined by government legislation and direct action, although here, in contrast to Egypt, the low pressure of population on resources would strengthen the hand of labour even were the Government to be less protective. The labour movement is weaker in Syria than in Egypt, a fact which enhances the Government's feeling that it ought to champion the cause of labour. Nevertheless, it is mostly in large establishments that statutory conditions and terms of employment are strictly observed. However, even in large establishments workers enjoy fewer privileges and benefits than in Egypt merely because such things as family allowances, pensions, retirement schemes, and special amenities are not provided for in labour laws.

Iraq shares with Syria the characteristic of having a low density of population; nevertheless, it is employers that largely determine conditions and terms of employment. There is no well-established labour movement, and the Government pursues no determined protective policy towards the labour force; the combined effect of these two factors is to weaken the bargaining position of labour. Two other factors, however, operate in the opposite direction. The first is brisk economic activity under the impetus of the ambitious development programme made possible through the country's large revenue from oil operations. The second is the presence of a number of foreign and government-run establishments where terms of employment are very satisfactory—which sets the standard rather high for large establishments in the private sector. It is mostly because of these last two factors that labour is able to secure the implementation of many of the provisions of the labour code.

Lebanon has few government regulations on employment conditions, and where these exist, they either impose a relatively light burden on employers or else are not rigorously implemented. Thus, minimum wages are well below current wage levels; sever-

ance is easy and compensation obligations quite simple to discharge; and special amenities, pensions, and apprenticeship are not required in the labour code. As against these features of the code which are relatively favourable to employers, the Government allows labourers to unionise and to strike (except for political reasons or in protest against government action). As is the case in Egypt, Syria and Iraq, most large establishments offer terms and conditions and extra benefits in excess of the requirements of the law. However, in view of the fact that the Government does not take an outspokenly protective attitude, the influence of the conditions prevailing in large establishments on general employment conditions is not as strong as in Egypt and Syria.

There is little to add about Jordan beyond what was said earlier, namely that it has no labour code, and only a few scattered regulations. In matters like maximum hours and employment of women and children laws in force in pre-1948 Palestine have been adopted in whole or in part. The presence of a very large potential labour force in the Palestine refugee population now in Jordan strengthens the hand of employers to the point where any strongly pro-labour legislation would either remain ineffective, or have to be implemented through strong government measures, to the detriment of enterprise.

Rapidity of Economic and Social Change

The last determinant of management-labour relations to be noted here is the social and economic change occurring in all the countries surveyed; though perhaps less in Lebanon and Jordan than in Iraq, Egypt, and Syria, this is due to widespread development programmes in execution. Change has certainly had a marked effect on the respective positions of management and labour. It has underlined the need for, and the shortage of, skilled labour, and has therefore enhanced the bargaining position of skilled workers and weakened the resistance of management.

The beneficial effects to skilled labour have hastened the "graduation" of large numbers of semi-skilled workers into the ranks of the skilled, and have also created a wider range of economic opportunity for the unskilled. These shifts have happened so recently—in the post-war decade—that the effect of development and larger incomes on the rate of population increase cannot yet be gauged. On the whole, the proportion of national income represented by wages has grown larger in the absolute without strong objections by the employers, thanks to the growth of income itself.

But development and change have created serious social and psychological problems for labour, particularly for labour origin-

ating in rural areas. The speed with which development is taking place is upsetting the pattern of social relations, social values, and the psychological stability of individuals. It is creating problems of mental adjustment for the new class of industrial workers, housing problems, problems of association under the impact of new loyalties that are drawn upon to replace old ones, and problems relating to the discarding of certain cultural values and the espousing of others. These problems, and many more, have added to the confusion of labour and to its tendency to suspect the motives of government and management, even when these seem to be beneficial and sincere. The confusion and the suspicion qualify the improvement in management-labour relations deriving from the rise in income accompanying development.

CONCLUSIONS

Several conclusions can be drawn from the description of the major aspects of management-labour relations in the countries surveyed and the brief analysis of the determinants of these relations. But we choose to devote attention to four major conclusions.

(1) The first of these relates to the role of government in management-labour relations. The governments of all the countries surveyed here, except Jordan, have provided a legal framework for the more important aspects of relations. Three of these, namely Egypt, Syria and Iraq—more particularly the first two—adopt a forceful policy of implementation and do not allow any major provisions of the labour code to remain a dead, or at least inert, letter. But regardless of the difference in the degree of rigour in implementation, all four countries with a full-fledged labour code take a paternal attitude towards labour, although they have not freed themselves to an equal degree from the power of employers, which is used in an effort to dilute the effects of this paternal attitude.

This conclusion with regard to paternalism has to be qualified in two respects. First, paternalism goes hand in hand with control—as a matter of fact it varies directly with it. So, while on the one hand there is a large measure of concern with the welfare of labour—of anticipation of labour's needs and interests, and of action on labour's behalf—on the other there is great reluctance to let labour "mature" and look after its own interests through the development of the labour movement and the emergence of strong unions enjoying the power to bargain collectively under certain conditions and to go on strike when necessary. Thus governments showing a great deal of paternalism place themselves as a buffer between labour and management and at the same time take over

from labour the power to make decisions involving employment and labour force matters generally. This combination of paternalism and control places labour in an awkward position: on the one hand it cannot object strongly to its status without running the risk of being accused of ingratitude and of suffering even greater control. On the other hand it cannot accept the paternalism without reservations because the control continues to slow down the pace of maturity of the labour movement.

The second qualification is that the success of a policy of paternalism-with-control is to a large extent a function of the quality of government. So long as government is honest and strong and enlightened the dangers of the policy can be expected to be minimal. But once one or more of these conditions are not satisfied adequately the probability will become high that the labour movement will either be smothered in its infancy because of the preponderance of control over paternalism, or that it will be unduly pampered because of the preponderance of paternalism over control.

(2) In any case, however, whether government policy is very paternalistic with little control, or heavy-handed with little paternalism, or well balanced between the two elements, the fact remains that governments cannot for long and without serious consequences ignore economic realities. Thus, a policy tending to be very liberal in the setting of wages, in the offer of special amenities and fringe benefits, and generally in increasing the liability of employers towards labourers cannot be implemented for long without an increasing amount of pressure and arbitrariness in a country where there is overpopulation at the prevailing level of technology and capital and where labour productivity is low. Egypt is a case in point here.

Conversely, a country showing little paternalism but where economic potential is great and is being exploited, and where there is underpopulation, cannot for long suppress the development and the growing strength of the labour movement without recourse to harsh heavy-handedness. Where in spite of the inherent strong bargaining position of labour, as in Iraq and Syria, the government becomes increasingly protective of labour (as in Syria) the danger will be great that the entrepreneurial class may become hesitant and may begin to discount its expectations of future returns increasingly heavily in view of the growing share of wages and other labour benefits out of an income that is not growing as fast. On the other hand, a lax attitude towards the labour code and a policy in which the element of control predominated that of paternalism (as in Iraq) might antagonise labour seriously by

creating the feeling among workers that they were being deprived of the advantages of their strong bargaining position in the context of the country's economic situation.

The attitude of the Government in Lebanon is more or less consistent with its theory and practice of general economic freedom. On the one hand there is a labour code covering several important aspects of management-labour relations: on the other, management and labour are largely left alone to find their formula of peaceful co-existence, the Government intervening only when strife looms large. No matter what one thinks of this attitude on a *a priori* philosophical grounds, one is bound to admit that it has a large measure of conformity to the realities of the Lebanese economy and society.

The position in Jordan contains apparently contradictory elements which, however, make sense when viewed against the economic background of the country. The overpopulation and poverty prevailing present a case for a large measure of paternalism to ward off gross injustice in the treatment of labour and in the setting of employment conditions generally. On the other hand the same features of overpopulation and poverty make it largely meaningless, if not outright detrimental to enterprise and general economic activity, to require of management a much larger measure of leniency in its relations with labour against the dictates of economic reality.

A policy characterised by more control than paternalism, like that in existence in Jordan, might look slightly callous, but it will be difficult to think of another policy where paternalism prevails over control which will not be self-defeating in the long run. This is not to say, however, that there is no room for greater official concern with the interests of labour if serious hardship is not to be imposed on the working classes. The conclusion is inevitable that the economic problems of Jordan are far beyond its own means and ingenuity under the best internal circumstances.

(3) The third conclusion concerns the distinct character of management-labour relations in very large establishments in virtually all the countries under survey. Here relations are more business-like and better organised than in smaller establishments. Almost invariably large establishments offer better terms than the labour code requires of them. This looks like a strange phenomenon in view of the fact that these establishments are powerful and therefore ought to be more able than smaller establishments to evade the terms of the labour code and go unpunished.

Our interpretation of this phenomenon is dual. On the one hand the other parties concerned—government, labour, and the

interested public—ignore the small and concentrate on the large establishment. Largeness makes the establishment easier to call to account if it fails to obey labour laws ; it makes the establishment a more convenient scapegoat in case there is need for one. On the other hand large establishments seem to adopt a liberal policy on their own initiative, irrespective of outside pressure. Three causes may underlie this. First, the example of large foreign and government-run concerns, which generally offer good terms to workers. Secondly, the training in Western, developed countries of most managers, personnel officers, and high technical staff and the influence on these of the type of management-labour relations in the West. Thirdly, the adoption of a pattern of relations along with the adoption of technical processes and industrial organisation in one "packet", as it were. All three causes make for improved relations.

(4) The last conclusion to be drawn is one relating to the state of confidence and of mutual understanding between management and labour. Failure to comprehend a situation of great change, both socio-political and economic, and to identify the relationship between cause and effect in it, has on the whole made for less understanding between management and labour and in many cases has led to mutual suspicion. On the one hand management refuses to admit—or only grudgingly admits—the right of labour to organise and bargain collectively and to capitalise on its inherently strong position. The situation is reminiscent of the early stages of the struggle of the labour movement for justice and recognition in England, the United States and elsewhere in the advanced world. But the historical parallel does not help labour to accept the situation ; times have changed and labour in the Arab world has its eye on labour conditions in the more advanced countries *today*, not 75 or a 100 years ago.

On the other hand, sensing its inherent power and more so its growing power, labour is posing questions and demands not always justified by its productivity or by the hard facts of economic reality. In the same process of looking across at terms of employment and conditions of work in developed countries, labour overlooks the significant differences in productivity and in the general level of performance of the economies compared. In discovering its strength labour minimises the necessity of restraint in the face of compelling economic facts. One might add that the discovery of strength and the manifestation of the quality of restraint are not likely to be reconciled for many years to come.