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978-0-521-13081-3 - Labor Organisations: A Macro- and Micro-Sociological analysis on a Comparative Basis

Mark van de Vall

Excerpt

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PART I

Macro-sociological analysis

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INTRODUCTION

The birth of the labor movement is largely explained by such environmental variables as industrialization, nineteenth-century capitalism, and class conflict. Since then, this environment has changed considerably. Small and paternalistic firms have grown into corporations that straddle the world. Urbanization and immigration have brought about new and universal culture patterns. Social systems such as the affluent society and the welfare state, in which manual workers are no longer social outcasts, have emerged since World War II, and there are profound sociopsychological differences between today's status society and the class society of the past.¹

In this process, the trade unions have also changed. The relationship between trade unions and society, for example, underwent a process of integration. From an opposition movement, trade unions became a recognized institution, deeply rooted in our economic and political system. Changes also occurred at the micro-level, i.e. in the relationship between the trade union and its members. The acceptance by the unions of fresh responsibilities represented objective changes, the fulfillment of which demanded new methods and new leadership. Subjective changes took place in the members' perceptions of the union and in their motives for joining, participating, or leaving. Such psychological factors are fundamental to an organization which is partly voluntary and relatively democratic. Even in the bureaucratic union of the welfare state, it is ultimately the members who determine its position in society.

In view of these alterations, we may ask whether the Western labor movement is still a child of its time, as it was in the last century. In other words, can we still explain the structure and functions of the labor movement in terms of a confrontation with its environment? What are the problems which the threefold process of change in society, in the unions, and in their membership has created? Such a complex question demands a complex answer. Part I, the macro-analysis, first considers the economic, sociological, psychological, and political differences between nineteenth-century society and the modern welfare state. The next chapter considers how the unions' functions have evolved during this

¹ The term 'status society' was used by Peter Drucker at the Forty-seventh Annual Meeting of the American Sociological Society, 3 September 1952.

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century and what trends underlie this change. Our macro-analysis ends with a chapter on three problems arising from the transformation of society and labor.

We cannot, however, fully understand the trade union movement from the outside. Part II, the micro-analysis, probes the movement's organizational structure and gives us a picture from within. It explores both the power of trade unions to attract new members and how the character of this attraction is changing. Next, the size and structure of the group of active members is examined along with the personality of the participant and his motives. The sixth chapter considers why the union's ties with its members are declining and the role automation plays in this process.

Our analysis of Western labor's problems will rest basically upon research in Western Europe, using United States data for comparative purposes. Although the American and European labor movements are, in general, coping with the same problems, they are often more manifest in Europe. The class conflict had its origin in Western Europe and had a deeper impact there on management and labor than in the New World. As a result, European unionism acquired stronger Marxist overtones. In historical perspective, European labor has been more deeply rooted in the nineteenth century than its American counterpart.

After World War II, however, this situation was reversed. For example, the creation of the welfare state in Western Europe—predominantly a product of modern unionism—was not preceded but followed by the 'Great Society'. Although both American and European labor unions are in the process of being integrated into the industrial and national economy, the European unions are far ahead. The American unions, in Drucker's terms, are still very much an 'institution against industry', but European unionism has already turned into an integrated institution of the welfare state, i.e. into an 'institution of society'. As a result, European unionism appears now more a product of the twentieth century than American unionism.

Because of this transformation from a socialist counterforce in capitalist society into an integrated institution of the welfare state, European unionism is experiencing labor's problems in extreme forms. This experience is aggravated by the voluntary character of most European unions, which results in their ups and downs being immediately reflected in their membership. We shall discover how this trait facilitates our analysis of the unions' problems.

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ECONOMIC ASPECTS

Industry and prosperity

Industrialization leads to prosperity. A century ago, Marx pointed out that greater concentration of the means of production in buildings and machinery leads to increased productivity and wealth. His figures showed that the industrial revolution caused an unprecedented rise in Britain's national income.¹

Recent confirmation of this law is provided by the Netherlands, where intensive industrialization did not take place until after World War II. Between 1900 and 1929 per capita income at constant market prices (1953 = 100) rose from 60 to 89, falling back to 82 in the 1930s. But between 1948 and 1958, when industrialization was in full swing, it shot up from 86 to 125. During *ten* years of industrialization, therefore, prosperity rose 1.3 times as much as in the first *thirty* years of this century.²

In France Fourastié has shown that the average wage earner's purchasing power for manufactured goods is still increasing.³ This indicates a general and current relationship between industrialization and prosperity.

While this advance in absolute prosperity is in line with Marx's theory, changes in the distribution of wealth contradict his prophecies. When Marx pointed out the relationship between industry and national prosperity, his objection was that most of the new wealth went to the class owning the means of production. He attached such fundamental importance to this accumulation of wealth in the hands of private persons⁴ that he attributed the survival of the bourgeoisie largely to this factor. At that time, Marx's observation of the one-sided distribution of wealth was undoubtedly correct. In 1899, Eduard Bernstein confirmed from German tax figures that the rich were growing richer and the poor poorer.⁵ The American economist Simon Kuznets also concludes that, in the first phase of the industrial revolution, social inequality became accentuated. He states that there was widespread impoverishment in England between 1780 and 1850 and, again, between 1840 and 1890 in Germany and the United States.⁶ So serious was social inequality in the Low Countries around 1870 that it was recognized as *the* social issue of the period.⁷ It

¹ 'The General Law of Capitalist Accumulation', *Capital*, ed. Fr. Engels, 2nd impression (Moscow, Foreign Languages Publishing House, 1962), Vol. 1, Ch. xxv, pp. 612-712.

² *Zestig Jaren Statistiek in Tijdreeksen, 1899-1959* (Zeist, De Haan, 1954), p. 100.

³ J. Fourastié, *Machinisme et Bien-Être* (Paris, Ed. du Minnit, 1951), Ch. 2.

⁴ K. Marx, *The Communist Manifesto* (Chicago, Henry Regnery Company, 1965), p. 38.

⁵ E. Bernstein, *Evolutionary Socialism* (New York, Schocken Books, 1961), p. 212.

⁶ S. Kuznets, 'Economic Growth and Income Inequality', *American Economic Review*, xlv, No. 1 (1955), *passim*.

⁷ A. J. C. de Vrankrijker, *Een groeiende gedachte, de ontwikkeling der meningen over de sociale kwestie in de 19e eeuw in Nederland* (Assen, Van Gorcum, 1959), p. 100.

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was no mere coincidence that the Western trade union movement, inspired by Marx and others, emerged at that time.

What Marx did not foresee, however, was that subsequent phases of industrialization would produce the opposite pattern. Kuznets writes that a gradual process of economic leveling began in England as early as 1875 and in Germany and the United States after World War I.¹ In this process, the less privileged groups saw a relative increase in their share of the national income, while the more privileged experienced a relative decline. As a result, the differences between their respective shares were reduced and social inequality lessened. The following figures suggest that the process has continued in the West since World War II.

1. The poorest 60 per cent of the *Dutch* population saw their share of the national income increase by 3 per cent from 1938 to 1949 and by about 6 per cent from 1949 to 1954, an indication that in Holland economic leveling has progressed faster since World War II.²

2. Although Göseke's figures for *Germany* cover only the years 1955–9, his conclusion is that 'the changes during this period—a decrease in the shares of the upper two to four deciles—clearly indicate that income distribution has become more equal'.³

3. In the *United States*, Miller found sharp changes in income distribution between 1940 and 1950, with the largest relative increase accruing to the lowest-paid occupations and the smallest to the highest-paid ones, thus narrowing the income range.⁴

4. In *Britain*, Robertson reports that even before taxation, incomes were more equally distributed in 1958 than in 1938, and that the progressive tax system intensified this leveling process.⁵

5. Few figures are available for *France*, but there, too, Aron concluded in 1956 that the trend of income distribution was diametrically opposed to Marx's prophecies.⁶

¹ S. Kuznets, 'Economic Growth', *passim*.

² J. W. W. A. Wit, 'De verdeling van de gezinsinkomens in Nederland in de jaren 1949 en 1954', *Statistische en Econometrische Onderzoekingen* (4th Quarter, 1956), p. 174.

³ G. Göseke, *Verteilung und Schichtung der Einkommen der privaten Haushalte in der Bundesrepublik 1955 bis 1959* (Berlin, Duncker & Humblot, 1963), p. 59.

⁴ H. P. Miller, *Income of the American People* (New York, John Wiley & Sons 1955), p. 5. Also, by the same author, *Income Distribution in the United States*, U.S. Dept. of Commerce, Washington, D.C., 1960, Table 1 (10).

⁵ D. J. Robertson, *The Economics of Wages and the Distribution of Income* (London, Macmillan & Co., 1961), pp. 154, 168.

⁶ 'Dans cette perspective l'évolution serait exactement contraire à celle que Marx anticipait. Au lieu d'un abaissement du niveau de vie, une élévation des rémunérations ouvrières, du moins proportionnelle à l'augmentation des ressources collectives.' R. Aron, 'Remarques sur les particularités de l'évolution sociale de la France', *Transactions of the Third World Congress of Sociology*, 111 (London, ISA, 1956), p. 44.

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Since virtually all blue collar workers are in the lower half of the income scale, we may conclude from these observations that the socio-economic group over whose interests the Western trade unions have watched for the past century has experienced a relative increase in its share of the national income since World War II; in other words, that Marx's theory of the progressive pauperization of the Proletariat has been contradicted by facts. The changes in the pattern of consumption resulting from the workers' growing prosperity have been partly material and partly psychological, as illustrated by the following examples from Germany and the Netherlands:

1. Family budget research in a West German province shows the following *material* changes: while the gross income of the average employee's family (four persons) rose by 118 per cent from 1950 to 1959, the proportion spent on food fell (in full accord with Engels's law) from 47.5 per cent to 28 per cent. At the same time, the food became more wholesome: the consumption of bread, potatoes, milk, and cheap fat pork declined, but lean meat, poultry, ham, eggs, and fresh semitropical fruits became more popular. The amount spent on education and entertainment went up from DM 19 to DM 57 per month, compared with an increase in cost of 24 per cent. The corresponding amounts for household effects were DM 10 in 1950 and DM 63 in 1959, with a price increase of only 11 per cent.¹

2. Increasing prosperity produces *psychological* changes, as our inquiry among Dutch housewives revealed. Asked why they bought their groceries from a particular store (Co-op), women in the various age groups mentioned high quality rather than low price in the ratios given in Table 1.

TABLE 1. *Quality versus price by age groups*

	REASON FOR PREFERENCE	
	Low price	High quality
Oldest age group (61 and over)	1	1.7
Middle age group (35-60)	1	3.8
Youngest age group (under 35)	1	10.5

The table shows that the youngest age group attaches more than six times as much importance to quality as the oldest group, which suggests that the housewife's pattern of consumption changes as she is mentally

¹ 'Einkommen und Verbrauch in nordrhein-westfälischen Haushalten 1950-1959', *Beiträge zur Statistik des Landes Nordrhein-Westfalen*, No. 135 (Düsseldorf, 1961), *passim*.

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more acclimatized to prosperity. The findings also illustrate how the consumers' movement, as well as the labor movement, must face the social changes brought about by affluence.¹

The question now arises whether these figures imply that poverty has been entirely banished from modern society. The facts show this interpretation to be overoptimistic. The proportion of the population still living in poverty in Western Germany, Britain, and the United States is no less than 23 per cent, 21 per cent, and 23 per cent respectively.² As Galbraith pointed out, however, this modern poverty is becoming more and more 'insular', prevailing among specific and more or less isolated groups.³ Examples of such islands of poverty are the inhabitants of a worked-out mining district or an isolated mountain area, old persons, invalids, persons from broken homes, and such cultural and racial minorities as Puerto Ricans and Negroes in the United States.

The principal difference between contemporary poverty and that of the nineteenth-century working classes is that the first is confined to well-defined groups, whereas the latter indiscriminately affected the entire working population. The term 'forgotten groups', currently used in Western Europe for the poor, reflects the fact that poverty is no longer synonymous with membership in the working class. The workers of the Western world are now better off, absolutely as well as relatively, than they ever were. In this connection, it should be mentioned that the *relative* increase in prosperity, i.e. the individual's advance in relation to others, is probably more strongly felt than the *absolute* one.⁴ This is because it represents progress beyond the worker's own situation in the past *and* towards what others, more well to do, have today. Since relative

¹ M. van de Vall, 'Clients, Consommateurs ou Coopérateurs, une enquête Néerlandaise', *Coopération, Idées, Faits, Techniques*, April, May, June 1962, *passim*.

² The information for *Germany* is taken from G. Fürst *et al.*, 'Zur Frage der Einkommenschichtung', *Wirtschaft und Statistik*, No. 6 (1954), p. 265; that for *Britain* from D. J. Robertson, *The Economics of Wages*, Table 20, p. 169; that for the *United States* from 'Poverty and Deprivation in the U.S.', *Conference on Economic Progress, Washington, D.C., April, 1962*, p. 19. The poverty line taken for the three countries was: Germany, DM 2,400 per annum; Britain, £250 per annum; United States, \$4,000 per annum.

³ J. K. Galbraith, *The Affluent Society* (New York, Mentor Books, 1958), Ch. 22.

⁴ Sometimes another process cuts across this, viz. the replacement of the traditional frame of reference. In the rural districts of Western Europe in the nineteenth century, for instance, incomes in agriculture were the frame of reference for factory workers, craftsmen, civil servants, and others. Anyone whose earnings were the same as those of the farmer was reasonably well off; a man who earned more, well off. Owing to the closer contact between the different groups and the consequent social integration, the pattern of the national labor market became clearer and the local reference group was gradually replaced by a national frame of reference. Although the wage earned by his fellow villager still has the strongest appeal on his imagination, the modern rural worker now keeps a keen eye on city wages. E. W. Hofstee, 'Changes in Rural Stratification in the Netherlands', *Transactions of the Second Congress of Sociology* (London, ISA, 1956), II, Pt. 2, p. 44.

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progress is judged by the double frame of reference of both one's own former situation and the present situation of others, the *degree* of redistribution determines how much satisfaction the new prosperity provides. There is little doubt that for most people in the Western world, postwar society is not only a welfare state providing social security but also an affluent society providing both the material and psychological satisfactions of a rising standard of living.

Industry and equalization

A redistribution of national income that lessens social disparities is one of the most important changes that can take place in the trade unions' social environment. We shall now examine the background of the leveling process from this angle and assess, if possible, its future trend. To express this in terms of intensity of change we use the 'pattern of redistribution'.

This 'pattern' is arrived at by taking the rise or fall in each income category's percentage share of the national income over a given period and expressing it as a percentage of the earlier share. The percentages of relative change for all income categories together form the redistribution pattern. For the purposes of this 'pattern', it is convenient to divide the population according to income into five numerically equal groups known as quintiles. If a particular income category, say the lowest quintile, increases its share of the national income from 3 to 4.5 per cent, the relative change is +50 per cent. It should be remembered, however, that although a relative change of +75 per cent in the lowest quintile is 7.5 times as great as a +10 per cent change in the fourth quintile, in absolute terms these figures may represent a smaller additional income for the former than for the latter. Nevertheless, a man whose income goes up by 75 per cent will experience this as a greater change than someone who receives only 10 per cent more.

Substantial differences are revealed by a comparison of the redistribution patterns in three countries: the Netherlands, Denmark (a country less highly industrialized), and the United States (a country more highly industrialized). (See Figure 1.)¹

In Denmark, which (with 26 per cent of its working population in agriculture) was less industrialized than the Netherlands (with 19.6 per cent), the equalization of incomes has been slowest. Although the share

¹ The percentages for *Denmark* are calculated from Kjeld Bjerke, 'Changes in Danish Income Distribution, 1939-1952', *Income and Wealth*, v1 (London, 1957), p. 107; those for the *Netherlands* from J. W. W. A. Wit, 'De verdeling van de gezinsinkomens in Nederland'; and those for the *United States* from S. Goldsmith, G. Jaszi, K. Kaitz and M. Liebenberg, 'Size Distribution of Income since the Thirties', *Review of Economics and Statistics*, xxxvi, No. 1 (1954), p. 9.

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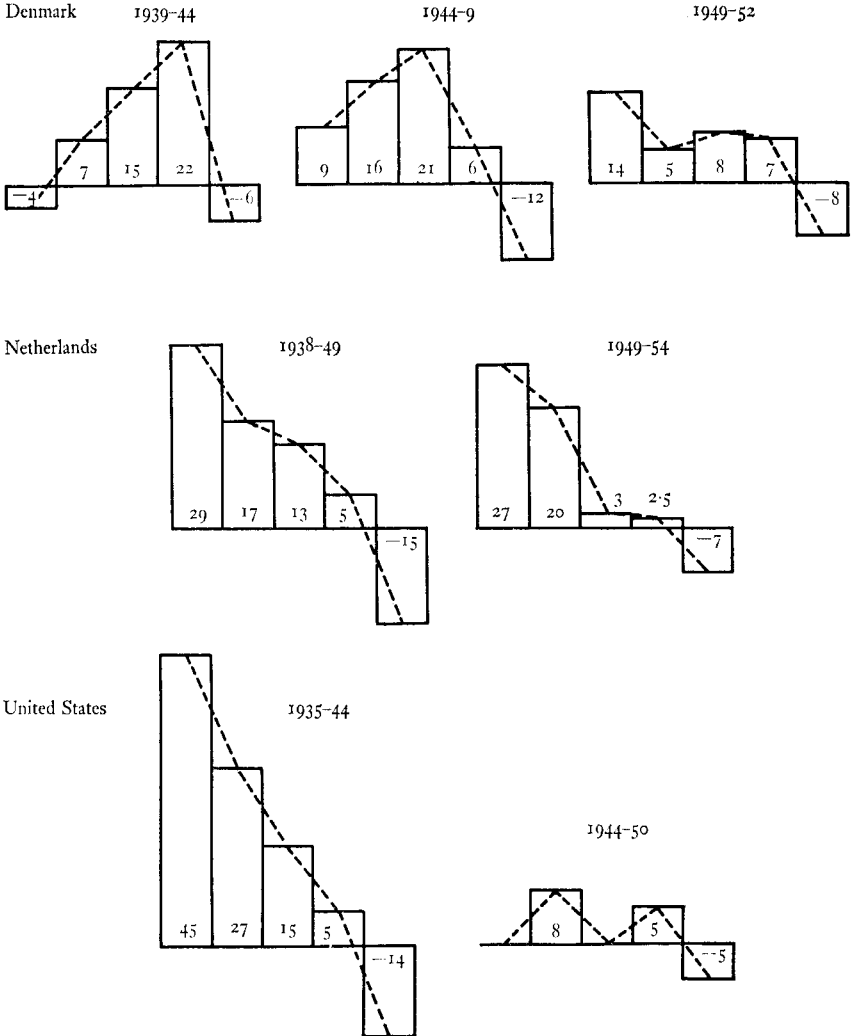


FIGURE 1. The redistribution pattern, in quintiles, of national income in three countries with different levels of industrialization.

of the national income of the middle 60 per cent increases between 1939 and 1944, it was at the expense not only of the highest 20 per cent but of the lowest 20 per cent as well. The period that followed in Denmark showed a trend towards the Dutch pattern, though even then the second and third categories benefited most. It was not until 1949 that the lowest income group had the greatest relative increase and that economic leveling took place in the sense described.

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There are various factors that may cause the workers' share of national income to increase. For instance, low paid farm workers may be driven to the towns to work in factories for higher wages. Changes in the occupational structure may also lead to redistribution, as when the number of skilled workers increases at the expense of unskilled workers, or when jobs with small wage differentials (such as bench hand, fitter, mechanic, smelter, and charge hand) increase proportionally. Moreover, a drop in unemployment will obviously increase the income of the lowest categories. Lastly, the number of wage earners per family may increase, especially when the wife takes a job. The United States is a striking example of this; there is more than one wage earner in two-thirds of 'middle-income' families with incomes of \$6,000 to \$8,000 per year against one-third of families in the \$10,000 and over income bracket.¹ The greater number of wage earners per family in the lower bracket has a leveling effect between both the two categories.

These factors lead to the question of whether or not economic leveling will continue, as industrialization progresses, until all categories have an *equal* share of the national income. A possible clue is found in the United States, where industrialization has progressed so far that only 6 per cent of the working population are still employed in agriculture.² Figure 1 shows that the intensive leveling that took place from 1935 to 1944 was completely halted between 1944 and 1950. Some years later this trend became also apparent in Europe where after 1955 between occupational groups the income inequality ceased to reduce. For wage- and salary-earners recent data even indicate a reversed trend, in the direction of increasing income inequality. Measured among households, the income dispersion is widening most between the poorest group (which includes most pensioners) and the middle income ranges.³ Both trends bear out Dahrendorf's contention that modern industrial society shows little indication of abolishing income differentials.⁴

If we wish to compare income inequality in the various Western countries, a common criterion is the income of the families forming the top 5 per cent of the income scale, expressed as a percentage of national income. Table 2 gives the figures for seven countries.

¹ H. P. Miller, *Income of the American People*, Ch. 9.

² From *Statistical Abstracts of the United States: 1960*. The figures for the agrarian working population in Denmark have been taken from the *International Yearbook of Labor Statistics*, 1960; those for the Netherlands from *Statistisch Zakboekje* (Zeist, De Haan, 1959).

³ *Incomes in Postwar Europe: A Study of Policies, Growth and Distribution*, prepared by the Secretariat of the Economic Commission for Europe (Geneva, 1967), Ch. 6.

⁴ '... there is no indication that hierarchies of socio-economic status will disappear in the foreseeable future', R. Dahrendorf, *Class and Class Conflict in Industrial Society* (Stanford, Stanford University Press, 1959), p. 70.