Labor-Movement Pattern

Address
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WHEN I WENT TO GERMANY a little over a year ago, one of the first things which I learned was that I would have to discard a great many concepts about the labor movement which I had spent a lifetime in building and developing. They just did not fit the German pattern.*

And so even now I do not pretend to speak as an authority, but I believe that you will be interested in learning something of the background and present problems of German labor as I have seen them in the past year. I do not want to bore you with too much history but, in general, it is necessary to view European labor movements, including that of Germany, in the light of their early developments. European labor organizations were part and parcel of the growth of social consciousness during the nineteenth century and of the industrial revolution.

In Germany, prior to the Hitler regime, the trade unions were split ideologically and politically into a number of groups. The largest was the group of Socialist-oriented unions comprising about 65 percent of organized labor. The Christian Democratic unions and the Free Democratic unions ranked next in size. Both the Socialist and the Christian Democratic unions were, in effect, the labor arms of the Social Democratic Party and the Christian Democratic Party, respectively, the latter representing the Catholic element.

Although the labor movement was split up in this fashion, it did manage to co-operate on purely labor objectives. Contracts negotiated and signed jointly with management were possible and usual during this period. In spite of the difference in political allegiance, the unions were able to co-operate in demands for certain types of social legislation.

A SURVEY OF THE GERMAN labor scene would not be complete without mentioning the works councils. Early labor demand for worker representation within the individual plant inspired the Works Council Law of 1920. This law furnished legal basis for establishment of works councils and required their formation within each enterprise.

The works council is simply a group of workers elected by all the persons working in a particular plant. The basic purpose for its formation is to deal with management on behalf of all the workers; to represent the worker with management in the settlement of individual grievances; to consult with management on sanitary, health and accident matters; possibly to aid in the management of plant-operated canteens or other social or recreational projects and to negotiate with management a plant agreement concerning the application of the over-all collective agreement to the plant and on matters of plant interest only. The Works Council Law also permitted representation on the board of directors of the plant.

In actual fact, the works council, as it operates in Germany, performs many of the functions which the trade-union shop stewards and trade-union locals perform in the United States. It differs radically, however, in that it is not legally an arm of the trade union and that members of the works council may or may not be members of the trade union. In highly organized industries, they generally are. In poorly organized industries, they may or may not be. In either case, their first responsibility is to the workers of the plant and not to the trade union.

When Hitler achieved power in Germany, one of his first acts was to dissolve the German trade unions, to arrest the leadership and to confiscate trade union property. The works councils were also dissolved when the Works Council Law of 1920 was replaced by the Law for the Organization of National Labor. From that time until the beginning of the occupation in 1945, German

* Also see "Labor Picture" by Mr. Brown in Information Bulletin, January 1950 issue.

Harvey W. Brown, director of the Office of Labor Affairs, HICOG, delivered Oct. 14 the speech which forms the text of the accompanying article, before the convention of the Railway Machinists' General Chairmen's Association in Chicago, Ill. (Photo by Jacoby, PRD HICOG)
labor was organized into the Deutsche Arbeitsfront (German Labor Front), an arm of the National Socialist Party.

LONG BEFORE THE WAR CAME to an end, the policy makers of the US Government were engaged in planning for the re-organization of Germany along democratic lines. It was early recognized that German labor constituted a reservoir of potential democratic strength and that, to realize that strength, the establishment and functioning of democratic trade unions must be encouraged. The Potsdam Agreement and early policy directives reflected this conviction. Consequently when Military Government began functioning in conquered Germany, local Military Government officers encouraged the re-establishment of trade unions, beginning at the grass-roots level.

Despite encouragement, German labor did not find it an easy job. Many of the old labor leaders had died in concentration camps, many had fled the Hitler terror, most of those who were left were no longer young. Those who participated in the rebuilding of the German labor movement, however, were determined not to repeat the old mistakes. The pattern which emerged and was solidified by a western German amalgamation last year was that of 16 industrial trade unions combined into a federation, the German Trade Union Federation.

Unlike their predecessors, the new German trade unions and federation maintain neutrality on political and religious questions. Policy-wise, the federation probably exercises a greater degree of influence upon its affiliated trade unions than do the AFL or the CIO. However, the financial and organizational autonomy of the member trade unions is assured.

Both the federation and the 16 industrial unions maintain district organizations corresponding to the state level and again at the county and sometimes city level in cases of large centers. There are no locals, however, in the sense in which we understand that term in the United States. The lowest level of the organization exercises geographical jurisdiction over all workers in its area. At this level, local business is transacted, including the collection of dues.

SINCE 1945, THE MEMBERSHIP of the trade unions has grown tremendously. At the present time, the federation claims approximately 5,100,000 members in western Germany. The total dependently employed population is now estimated at 14,000,000. Of the 16 industrial unions, the Metal Workers claim 1,200,000 members or 24 percent of the total. Public Service and Miners come next with 12.7 and 11.4 percent respectively. The least in point of membership is the Union of Professional Artists and Entertainers, claiming eight percent.

In general, jurisdiction disputes have not proved to be a disrupting influence to German trade unions except in one instance. A White Collar Workers Union, originally confined to the banking, insurance and commercial fields, decided that white collar workers, in whatever industry, have a community of interests which cuts across industry lines and, accordingly, alleges that a separate organization is required for this category.

Organizing in fields pre-empted by the industrial unions quickly brought the White Collar Workers Union into conflict with the industrial unions, and, eventually, resulted in exclusion from the federation. Since that time, it has operated independently of the federation and now claims a present membership of some 300,000. However, the jurisdictional battle has not prevented this union from working closely with the various industrial unions in joint contract negotiations affecting its membership.

The new German trade unions have succeeded in preventing splits along political or religious lines. Although trade-union leadership all down the line is predominantly Social Democratic in political belief, a concerted effort has been made to assure representation of non-Socialist elements through participation at all levels of trade-union activity. To maintain this unity, trade-union leaders are required to exercise considerable restraint when dealing with political issues.

SINCE THE FEDERATION has existed since January of this year only, it is a little early to assess the part it will play in the political life of Germany. It is, of course, exceedingly active in supporting labor legislation, with particular emphasis on co-determination, which I shall deal with a little later. In many areas, particularly on economic policy, it frequently finds itself at odds with the right-wing Federal Government.

Before leaving the subject of the organization and growth of the German trade unions, it might be of interest to briefly sketch the economic background of postwar Germany within which they grew. It is difficult today, in the face of the tremendous economic improvement of Germany, to visualize the conditions which existed in the years immediately following the surrender. In order to forestall economic chaos, Military Government was compelled to freeze wages and prices of rationed goods and to maintain strict rationing and other economic controls. Outside of the controlled areas, money gradually ceased to have much value.

Under these conditions, direct commodity exchange or barter became increasingly prevalent and goods did not reach store shelves since the population at all levels preferred to hoard goods rather than to exchange them for a currency of doubtful value. This wage freeze prevented any sort of collective bargaining by the trade unions, except for special permission granted to certain depressed groups. It was not until May of 1948 that the trade unions were permitted to bargain for a wage increase up to 15 percent. In June of that year, the old Reichsmark was replaced by the present Deutsche mark at a rate of 10 to 1. It was not until November of that year that the wage freeze was finally lifted.

STRANGELY ENOUGH, the trade unions did not immediately begin negotiations for higher wages. The leaders claim that they were apprehensive lest a series of wage demands at that time would have endan-
gered the value of the new currency and that a wage-price spiral would have started in which the worker would have been the chief loser. Instead, the trade unions concentrated on demanding continuation of rationing and price controls on rationed articles.

When the high prices of consumers' goods prevented purchase by the workers, they demanded a program for producing standardized, low-priced, so-called every man commodities, such as shoes, clothing and other essential articles. Such a program was instituted and probably contributed a great deal toward pacifying the workers.

Actually, except for a sharp spurt upward immediately after currency reform, prices of consumer goods showed a gradual decrease. Stores became well stocked with goods which were of increasingly higher quality. Food was plentiful as compared to the period immediately preceding currency reform and rationed food was increased in quantity and availability. It is possible that the German workers needed at this time a period of recuperation from the grim days of semi-starvation and worry.

As I have said before, the policies of Military Government were directed toward encouraging the reorganization and growth of the German labor movement. Policy-wise, all that could be done was to provide an appropriate atmosphere in which the trade unions could collect their shattered membership and leadership and make the first steps toward organization. The Military Government policy of restitution of Nazi-confiscated property permitted the trade unions to claim and secure the return of all former trade union property, such as office buildings, schools and other identifiable assets. Scarce items, such as paper, were procured for the printing of newspapers and informational material.

Everything possible was done in order that trade-union schools, banks, co-operative societies and recreational areas could begin operations. They were encouraged to resume their relationships and affiliate with international trade-union bodies and to travel outside of Germany and resume contacts with labor movements in other countries. In all this, the United States trade unions and those of Great Britain, France and other European countries aided in every way. In particular, the German trade unions are indebted to the United States unions for thousands of food and clothing packages which went to trade union leaders and schools and aided substantially in tiding them over.

IT MAY BE SAID that the present period of German trade-union development began with currency reform. Currency-reform and the consequent lifting of the wage freeze gave them a reason for existence and a possibility of normal functioning in the economic field. From that time, development was rapid. The industrial unions kicked off by a series of conventions, which amalgamated their organizations on a Western German level and plans were developed for a Western German federation.* After the complete break with the Communist-dominated Eastern Germany unions, the federation was established in October of last year. I was privileged to attend that convention and address the delegates.

I have indicated before that the majority of the German trade-union leadership of today are members of the Social Democratic Party and, therefore, are strongly influenced by the Social Democratic ideology. Accordingly, their position on the economic problems confronting Germany reflects that point of view. They are convinced that a planned economy is necessary to insure that the worker receives his fair share of the industrial product. They insist that, as representatives of the workers, they must share in such planning on an equal basis to secure these objectives.

In particular, they wish to prevent unreasonable exploitation of the workers and to prevent the emergence of an unholy alliance of those holding economic power with extreme right or left-wing demagogues. Not without reason are they suspicious of elements who supported the Nazi regime and who, they feel, are ready to support any equally vicious element which holds out the promise of maintaining them in power. It is easy to see why the trade union leadership is apprehensive of the future unless it can develop sufficient influence to keep Germany on the democratic track.

BEGINNING WITH GOVERNMENTAL controls over industry and possibly the socialization of basic industry, trade union leadership advocates a careful policy of economic expansion concurrent with extensive housing development projects, particularly in industrial areas. It believes that such a policy holds out the only hope of eventually overcoming the unemployment existing in Western Germany today. It argues that progress along these lines is the only effective bulwark against Communism, which breeds and flourishes under conditions of economic want and distress.

There is no question of the fact that German trade-union leadership is firmly anchored to co-operation with the Western democratic countries. As bitter as it was to accept the fact of the partition of German labor through the realization that the Eastern zone trade unions were an arm of the Communist Party, I believe that they now recognize the finality of this fact under the present circumstances.

Although there are a sprinkling of Communist leaders in the trade unions, they are few and far between at the highest levels. Punctuated by the march of recent events, there has been a perceptible stiffening in the attitude of trade-union leadership toward the Communists in their ranks, which may very well lead to gradual and complete removal.

Beyond a doubt, the problem of unemployment in western Germany is one of paramount importance, not only to the German trade unions but to the economy as a whole. It is almost as difficult to deal briefly with such a complex subject as it is to solve the many economic problems inherent in such a situation. It may seem to you to be paradoxical, but in western Germany employment levels are now the highest they have been since

the occupation and, at the same time, a reservoir of some 1,300,000 unemployed are left. This represents a decrease of 700,000 from the unemployment high point of more than 2,000,000 reached in February of 1950.

The problem is enormously complicated by the continuing influx of refugees from the East. Consequently, the adult population is growing more swiftly than available job opportunities. Another factor is the relatively high female population.

**UP TO NOW, THE POLICY** of the German government on resettlement of uprooted Germans has been to distribute them in rural or small town areas. Although this policy was undoubtedly necessary in order to provide housing, it has resulted in a concentration of the unemployed in areas where there is no possibility of providing jobs. Housing in industrial areas as well as an expansion of industry is a prerequisite for the absorption of a large part of the unemployed. This is clearly recognized by trade union leaders, who have at every opportunity urged the government to adopt an over-all plan, including factors for both short-range and long-range solutions.

The existence of the huge reservoir of unemployed has complicated the problem of the trade unions in seeking a readjustment of the wage-price level. The problem was not acute as long as Government subsidies kept the prices of basic food items stabilized.

Over trade-union protests, however, the German government, in the spring of this year, decided on suspending the subsidies on corn, flour and bread. This resulted in a notable increase in food prices, not only of those directly tied to the subsidies but, also, of meats, sugar, eggs and cheese. Increases ranged from seven to 25 percent. Bread, which is a major item in the German workers' diet, showed increases from 10 to 22 percent for different kinds of bread.

In the face of such increases, a wave of worker protest broke over western Germany and resulted in a wholesale cancellation of collective agreements by the trade unions. However, since the notice period for cancellation of contracts is usually from one to two months, negotiations for increased wages have been taking place only recently.

**THE CONSTRUCTION WORKERS** were one of the first to begin negotiations and found themselves confronted by a solid front of employer opposition, allegedly backed by major groups who feared the establishment of a higher wage pattern. To break the resistance, the union called a strike in one major city. Almost immediately, considerable numbers of the smaller- and medium-sized firms signed separate agreements with the union on the basis of the union demands.

The larger firms, however, made no move until the government, alarmed by the spread or threatened spread of the work stoppage to other large cities, brought together the parties to the dispute and persuaded them to arbitrate. After several days of hearings, a settlement at the rate of 14 pfennigs (3½ cents) per hour increase was accepted by the unions and the employers.

Since that time, the metal workers in Hesse have been able to negotiate a 13-pfenning (three-cent) per hour increase without resorting to a strike. Other industries as well have achieved increases. On the bases of these agreements, it is likely that the general wage level for the German worker will stabilize at approximately 10 to 15 percent above that of last spring.

There is little doubt that this increase can be absorbed by the vast majority of German enterprises without resorting to increase in prices. If this at least partially occurs, the outlook for industrial peace in Germany in the immediate future is good. A general increase in the price level would, however, undoubtedly foment further wages demands, since the trade unions have lost the battle with Government for direct or indirect price controls in exchange for maintaining the former wage level.

**YOU PROBABLY KNOW** that there exists a serious housing shortage in western Germany due to the destruction of World War II and the great influx of German refugees from the East. The German trade unions have tried to undertake low-cost-housing developments but have met with only partial success.

In Schleswig-Holstein, the use of American funds has resulted in the planning and completion of 10,000 housing units for German refugees in 1950.* These, however, are a mere drop in the bucket in the face of the existing need.

In another part of Germany — Lower Saxony — another 8,000 housing units for refugees are being financed by ECA funds. Here again, the trade unions have succeeded in a plan for low-cost housing. In Bavaria, however, the Bavarian government was unwilling to let the trade unions participate in the planning of low-cost housing, with the result that these houses in Bavaria are being built at much higher cost and higher rents.

The Office of Labor Affairs has insisted that American funds will be used only if our requirements are met, and one of our requirements is that the American taxpayers' money shall not be wasted but shall be used efficiently for the good of the people. The American funds earmarked for Bavaria are to be withheld until it is proved to our satisfaction that our money is being used efficiently.

On the other hand, the good example of Schleswig-Holstein is now being discussed in all quarters of Germany and we expect that, from that example, the necessary lesson will be drawn on a governmental level. It is hoped that other parts of Germany, including Bavaria, will follow the example.

**ONE ISSUE WHICH IS** presently uppermost in the minds of the German trade unions is that of co-determination. By co-determination is meant the right of labor, through their unions, to have a voice in management of industrial enterprises.

Co-determination is closely tied in with works councils. As I related earlier, works councils came into being in the early 20's. They were reintroduced by permission of the Occupation Forces and, in some of the states, are now (Continued on page 81)

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