Towards a General Theory of Industrial Relations

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IN his new book, *Industrial Relations Systems*, Professor John T Dunlop has attempted to develop a general theory of industrial relations. The concept of an industrial relations system is for Dunlop in many ways similar to that of an economic system. Just as prices are the central problem in economics to be 'explained' in terms of demand and supply, 'rules of the work place' are to Dunlop the central problem in industrial relations. "The central task of a theory of industrial relations is to explain why particular rules are established in particular industrial relations systems and how and why they change in response to changes affecting the system (pxi)."

**SHARED IDEOLOGY**

The necessity for rules to govern the status of the workers and the managers and their interrelations arises in every industrial community. The national state cannot leave alone this process of rule-making and therefore it also becomes an actor in the industrial relations system. An industrial relations system is in this view to be regarded as consisting of three principal sets of actors namely, workers, managers, and the state, and of a body of rules created to govern the relations between these actors at the workplace—the whole system being held together by an ideology shared by the actors. The rules themselves are determined by three main factors, namely the technological characteristics of the work place mid work community, the market or economic context facing the actors, and the power context in the society.

Technological characteristics such as the fixibility or variability of work place, relation of work place to residence, stability of work force and work operations, the size of the work group, the job content, and hours of operation of the work place affect the nature of the rules. In chapter 2 of the book Dunlop discusses the effect of these factors on rules of the work place.

The effect of conditions in the product market and the labour market on rule-making is discussed in chapter 3 of the book. The competitive position in the product market of a firm or industry determines the degree of freedom the actors have in setting the rules of the work place. "The character of competition is a measure of the degree of control over product price or other aspects of sale which in turn is decisive to the control or the elbow room and discretion which the actors have in setting the rules of the work place, including compensation (p 64)." This part of the book may very well be considered an essay in applied economics.

**POWER CONTEXT**

In chapter 4, the effect of the "locus and distribution of power in the larger society" on the industrial relations system is examined. According to Dunlop, "This facet of the context is decisive for defining the status of the actors: workers and their organizations, managerial hierarchies, and governmental agencies. The complex of rules established for the work place, particularly those defining formal interrelations among the actors and those providing arrangements for setting new rules and procedures for administering old ones, are often substantially shaped by this feature of the total context (p 94)." And "it is in the rules most directly derived from the power context that there exist the greatest differences among countries (p 97)."

This part of the book, seems to be the least satisfactory. Dunlop has not explained in clear terms the meaning of the concept 'power context' but he seems to identify it with the 'status of the actors' although there are repeated references to the statuses and relations as being governed by the power context. The status of the actors means the prescribed functions of the various actors and their relations with each other. This feature of the industrial relations system is "peculiarly the product of public policy, including the history and traditions of a country .... The status of the actors in a national industrial relations system is largely within the explicit decision of the larger society by political processes, although all alternative forms are not to be regarded as equally congenial in the light of the tradition of a country (p 98)."

**TECHNOLOGICAL AND MARKET CONDITIONS**

Chapters 5 and 6 attempt to apply the new analytical framework for studying the industrial relations systems in the Bituminous-coal industry and the Building industry respectively. For example, in the case of Bituminous-coal technological and market conditions such as the hazardous nature of the work, tile isolated nature of mining communities, the variations in the distance of the place of operation from the portal to the mine, the need for special tools and protective clothing and the sensitiveness of the demand for coal are shown to call for special rules. Dunlop shows the similarity between different countries such as the United States, Great Britain, France, Germany, Australia, and Poland in the rules framed to deal with the problems arising from the technological and market contexts, in the Bituminous-coal industry. On the other hand rules relating to the status of actors such as the rights of unions, the scope of the rules, and the settlement of disputes, show considerable variations between countries.

Thus in a comparison of the industrial relations system in the building trade in different countries the U.S system is said to have three distinguishing features, namely (1) emphasis on jurisdiction and jurisdictional disputes, (2) emphasis on union security, and (3) the prohibition of piecework. Dunlop attempts to "explain" the causes of these features of the national system in terms of the status of the actors in the building industrial relations system in the United States. The strength of the local union in the United States building industry as compared to other countries is one explanation for these distinguishing features. Thus in the United States "National and local union rivalries are expressed at the work place because the machinery and manpower to express them on the job is available. In other countries the line of command may extend from the national to a local or regional branch but the connection to the job site is much
As you approach the ancient town of Chittor, you cannot fail to see the lofty tower of the world-famous Chittorgarh Fort. This magnificent edifice takes you back through the turbulent history of India. Within the fort are many examples of architectural beauty such as the "Haunted Palace" built by Rana Singh in 1498. Throughout India, there are many wonderful monuments that speak of the past, set in a countryside that is full of exciting interest to the tourist. And wherever you go in this vast land, your trip will be more pleasant, and free from "car troubles", when you drive on Caltex petroleum products.
power and few profession
ale are available to police the rules. This factor implies that some juris-
dictional disputes in the United
States arise out of the activities of the local business agent, on his own or
acting under national instruc-
tions. Left to themselves on the job
site, the workers would engage in
fewer and less severe disputes (pp

252-253).” The strength of the local
union also leads to greater concern
with hiring and hence union securi-
ty (p 255).

Finally, strong locals in the U S
have been able to prevent the use of
piece work, which is disliked by
building workers generally (p 260).
Other explanations are mainly eco-
nomic in nature. For example, the
‘greater degree of competition leads
to jurisdictional disputes because
‘some contractors and their allied
unions complete with other contrac-
tors and their allied unions’ (p 253).” It also leads to the problem
of union security because the unions
have to preserve union standards
from non-union competition.

IMPRESS OF POLITICAL HISTORY

The question now arises as to
what determines the ʺpower con-
textʺ of the ʺstatus of the actorsʺ in
an industrial relations system.
According to Dunlop the chrono-
logical period of formation of the
system, the sequence of social
changes and the nature and decisions
of the industrializing elite are the
major factors which mould national
industrial relations systems. For
instance, industrial relations systems
developed after the Soviet revolu-
tion may differ in certain respects
from those developed prior to the
revolution. The need to prevent
communist subversion, has, in non-
communist countries, led to increas-
ed governmental surveillance of
labour organizations. In communist
countries the tendency is to use
labour organizations as an instru-
ment of the party. The increasing
role of Governments as employers in
newly developing countries is also
said to influence the nature of the
industrial relations system. Again
the sequence of social changes such
as national independence, the grant-
ing of political rights to workers,
and the growth of labour organiza-
tions, is said to influence the nature
of the system. For example, in
countries where the labour move-
ment was a part of the nationalist
movement, ʺthe experience of suc-
cessfull struggle for independence or
military victory (refer to the Yugo-
slav experience) is likely to estab-
lish a close and strong tie between
a Government or ruling party and a
labour movement (p 313).ʺ

The validity of these factors in
‘explaining’ the nature of an indus-
trial-relations system is however,
doubtful. Thus in the early days of
trade unionism in Great Britain,
Government’s fear of subversion led
to the enactment of Combination
Acts and Government surveillance
and suppression of the infant unions.
This phase of development has not
left any lasting impress on British
trade unionism similar to the im-
press alleged to have been given by
the Russian revolution to the post-
Soviet systems. Is the difference to
be accounted for by greater efficiency
on the part of modern governments as
compared with the British gov-
ernment of the 19th century? Has
the impress of the Soviet revolution
on industrial relations systems which
had already developed before the
revolution been different from the
impress of political changes on
newly-developing systems? Unless
we have detailed comparisons of
different systems in different periods,
we can only be in the realm of con-
jecture.

Similarly to what extent can the
close association between the poli-
tical leaders and the labour move-
ment in a country like India be
‘explained’ in terms of the fact that
in such countries the labour move-
ment was a part of the national
movement for independence? Are
there not other underlying reasons
such as ignorance and poverty on
the part of workers which may ex-
plain the persistence of outside po-
litical leadership in the movement?
In India, for example, unions of
white-collar workers such as insur-
ance and postal employees seem to
be much less dependent on outside
leadership than unions of ordinary
manual workers.

DYNASTIC-FEUDAL ELITE IN INDIA?

The concept of an industrializing
elite which influences the industrial
relations system seems to be the most
unsatisfactory part of Dunlop’s
frame-work. According to Dunlop
we may distinguish three ‘ideal
types’ of industrializing elites, name-
ly, the dynastic feudal elite, the
middle-class elite, and the revolu-
tionary intellectual elite. The elite
directing the industrialization pro-
cess in every country has to con-
front and resolve certain major
questions, such as: ‘What are to be
the relations of managers to workers
and of workers to managers?’ ‘What
is the function of workers’ organi-
zations?’ ‘How shall labour orga-
nizations secure their funds?’ ‘What
is to be the source of labour leader-
ship?’ ‘What attitude shall be
adopted toward industrial conflict?’
How are disputes resolved and who
holds the balance of power?’ ‘What
are to be the fields of interest of
university specialists?’ A national
industrial-relations system develops
as the directing elite of the larger
society confront these common ques-
tions and gradually formulate a
body of more or less consistent
answers in practice (p 317). For
each of these issues Dunlop gives
the characteristic responses of the
three types of elites.

Although Dunlop admits that
these classifications do not refer to
any particular country, it is interest-
ing to note that the responses given
in India to most of the questions
indicated above are responses which
Dunlop characterises as typical of
the dynastic-feudal elite. For ex-
ample, rival unionism, weak union
finances, outside leadership in
unions, aversion to industrial con-
lict, emphasis on legislation and
governmental machinery for the
settlement of disputes and the in-
terest of university specialists in
law and decree rather than in facts
or analytical concepts are all res-
ponses which Dunlop considers
typical of the dynastic-feudal elite.
Now students of Indian industrial
relations will readily agree that
these precisely have been the domi-
nant responses in India. Are we
then to conclude that we have a
dynastic-feudal elite directing our
industrialization process? Such a
conclusion would of course be far
from correct and quite unwarranted
because each one of the above
‘responses’ could very well be ex-
plained in terms of reasons other
than the ideology of an elite. Thus
rival unionism, weak finances, and
outside leadership may be more due
to lack of education, and general
poverty than to any other reason.
The emphasis on legislation and
governmental machinery is perhaps
the result of an urge to industrialize
fast while preserving democratic
forms and procedures.
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WANTED: THEORY OF POWER

A more fruitful way of looking at the 'power context' or the 'status of actors'- aspect of an industrial-relations system is to consider it as an answer to the problem of power created by industrialization. Industrialization necessarily leads to the creation of economic power. In the absence of strong trade unionism or governmental intervention, the employers will wield this power. Formation of trade unions, enactment of legislation and creation of state machinery may be looked upon as attempts to control and share this power. The final result will be determined by the nature of the institutions and ideas prevailing in the industrializing society. These institutions and ideas will determine at a given time, an equilibrium position regarding the control and sharing of power. Any change in them will lead to a change in the industrial relations system. What we need then is a theory of power. For the rest traditional economic analysis will explain most of the rules and features of industrial relations systems.

To say this, however, is not to detract from the valuable contribution which Professor Dunlop's new book has made to the study of industrial relations. The book has broken new ground and indicated a rich field for fruitful study, namely comparative industrial relations systems.

Around Bombay Markets

DALAL STREET continued to present a remarkably firm appearance last week. Indian Dyesluff shot up from Rs 390 to Rs 500. Colour-Chem from Rs 245 to Rs 277, Gwallor Rayon from Rs 25.50 to Rs 28.50. Hindustan Motor from Rs 15.40 to Rs 17.32, Anil Hardboard from Rs 340 to Rs 360, Guest Keen, Williams from Rs 42 to Rs 40.50, Alenek Ashdown from Rs 247 to Rs 279. Mukand Iron from Rs 19 to Rs 20.50. Standard Mills from Rs 74.9 to Rs 86.7, Tata Locomotive from Rs 201.50 to Rs 210.50 and Century from Rs 639 cum-right to Rs 165 ex-right (the right is valued at Rs 210). This makes a formidable list, and it could be multiplied.

But surprising as it might seem, notwithstanding large widespread gains the stock market exhibited very little of the buoyancy which normally accompanies such a rise in prices. This is because of the virtual absence of outside participation in the speculative market. A few prominent professional operators continue to dominate the scene. The steep rise in most cash shares reflects mainly the scarcity of offerings. There has not been any marked revival in investment inquiry recently.

Equities recorded gains on a wide front. But the popular speculative-counters which did not participate in the uptrend and were actually down over the week were not a few. These included, Tata Steel Indian Iron, Bombay Dyeing, Svadeshi, Belapur Sugar, Tata Chemicals and A C C Bank, Insurance and ELECT.

Spectacular Gains

Thursday, Morning.

The shares continued to be bought out of favour as usual. Shipping shares attracted some attention following tin's hopeful note struck by the chairman of Great Eastern Shipping at the shareholders' annual meeting. The industry might not have taken a distinct turn but Shri Bhiwandiwalla did throw a hint that the worst had perhaps been seen.

LEAVE IT TO PROFESSIONALS

That the outside public should continue to keep off the market is understandable and perhaps welcome. It is welcome because the current levels for equities seem very much on the high side. And with Sino-Indian relations continuing to worsen and reports of growing Communist interest in Bhutan and Tibet on the increase, ONE can never tell when the stock market might take fright. The recent overall trading pattern of the market holds out a hope that, the market might still scale new peaks. But it might be advisable to leave professional speculators alone to try their skill at the game.

Most observers suspect that the market is highly manipulated and the current high prices hear no relation to the current or prospective earnings and dividends. Imagine the staggering rise in the price of Indian Dyesluff shares. Earlier in the year the shares could be had at around Rs 150 and the current quotation of Rs 500 works out to around Rs 4,100. (The capital of the company was increased through the issue of Right shares in the ratio of nine shares at par Rs 100 each—for each one held). Hindustan Motors which are now being eagerly sought at Rs 17.32 could be had below Rs 7 in January. Only a few months ago they were quoted below par.

A word about Bombay Burmah would also seem necessary. These shares rose from Rs 577 to Rs 590 but lost all the gain in a day. The sharp decline reflected speculators' disappointment over the Chairman's statement at the annual meeting of the shareholders that the company had no plans for expansion in the country at the moment. The Chairman explained that expansion in foreign countries was merely out of compulsion because the money invested there was locked up and could not be brought back to India. The picture that Shri Pratapsingh Mathura painted of the company's current working was not unenviable. He made no commitments in respect of the future dividend but he assured the shareholders that the management would always stand by them.

Oilseeds

FURTHER ADVANCE

Only linseeds were subdued last week. Cottonseeds, groundnuts and castor scaled new peaks. Cottonseed February were bid up to Rs 119.25, groundnut February to Rs 190.12 and castor May to Rs 174.87 all per candy. These rates were recorded on December 15. Corrective profit-taking produced a moderate setback on the following day, with cottonseed easing to Rs 147, groundnut to Rs 190.12 and castor to Rs 172.37. They compared with Rs 144.50, Rs 189.37 and Rs 172.12 respectively a week