

THE FUTURE OF LABOUR AND LABOUR IN THE FUTURE

PROCEEDINGS

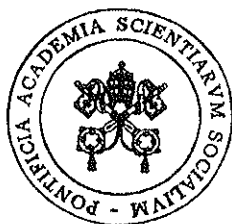
Second Plenary Session of the
Pontifical Academy of Social Sciences
20-23 March 1996



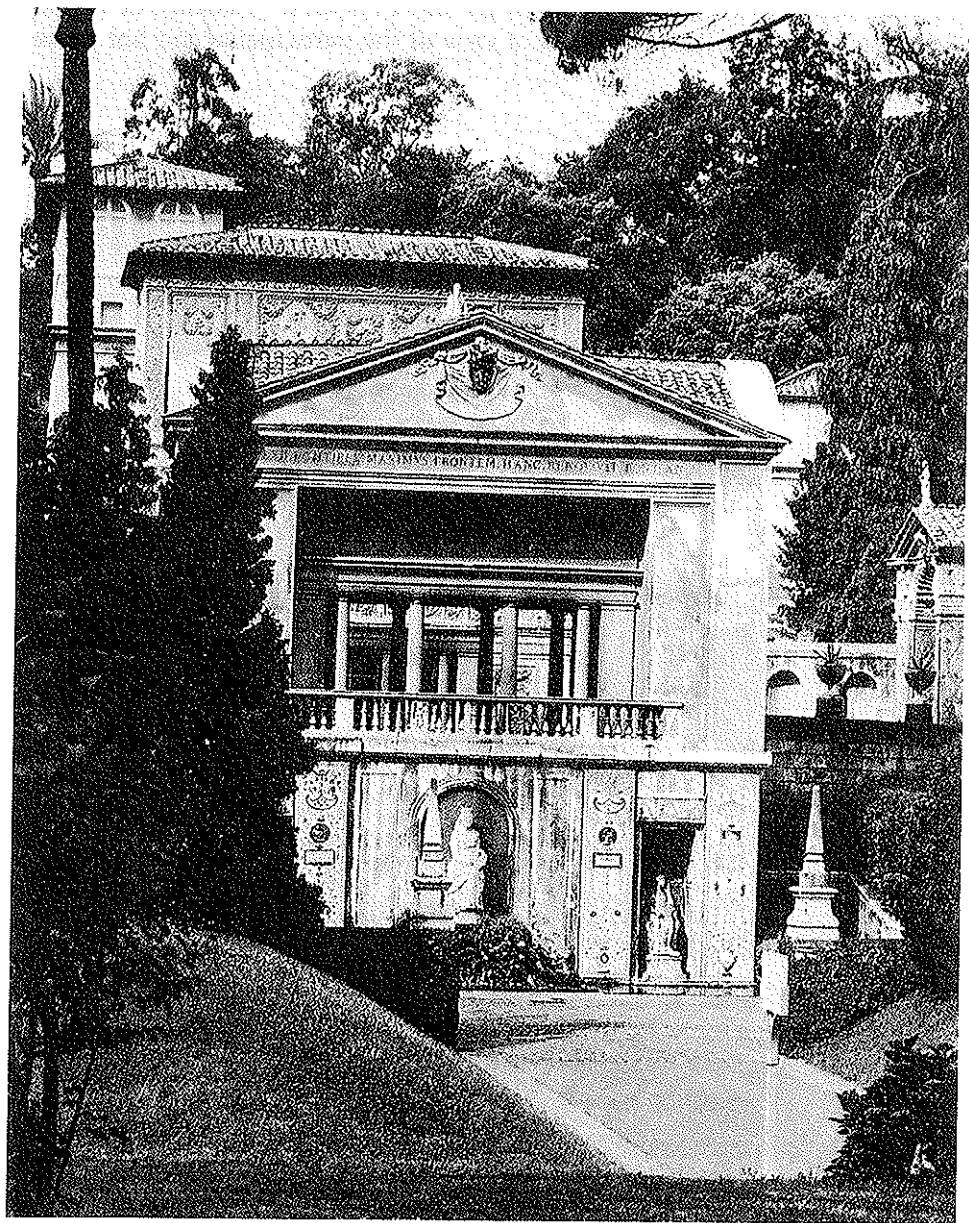
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Pontifical Academy of Social Sciences
20-23 March 1996



VATICAN CITY 1998



Casina Pio IV - Vatican Gardens
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The opinions freely expressed during the presentation of papers in the Plenary Session, although published by the Pontifical Academy of Social Sciences, only represent the points of view of the participants and not those of the Academy.

Editors of the Proceedings:

Prof. MARGARET ARCHER

Prof. EDMOND MALINVAUD

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PONTIFICAL ACADEMY OF SOCIAL SCIENCES

VATICAN CITY

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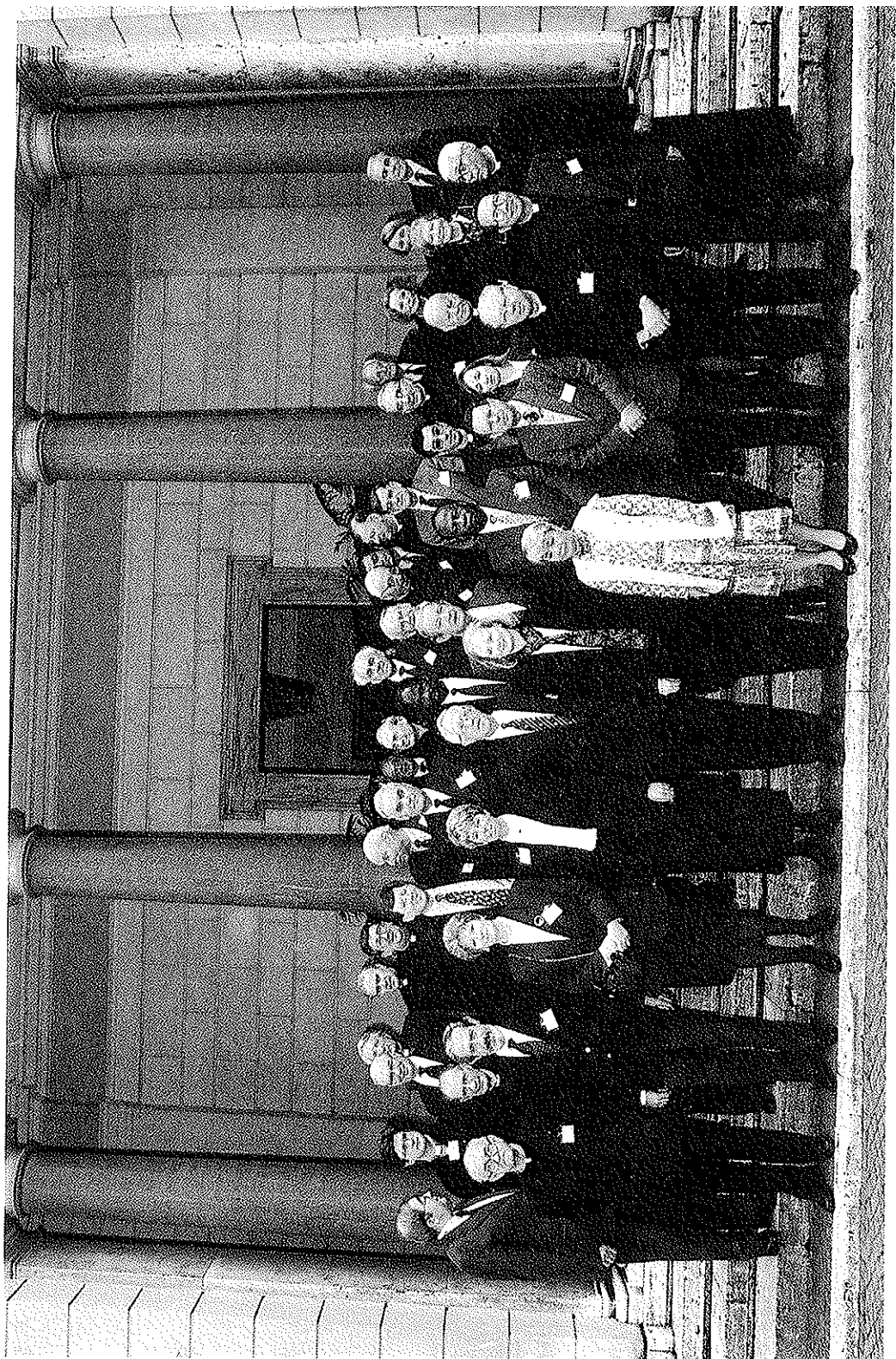
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THE DISTRICT COUNCIL

PREFACE

The Pontifical Academy of Social Sciences was founded in 1994 with the general brief of bringing the knowledge and findings of our various disciplines into dialogue with the social teaching of the Church. "The Right to Work" is the initial topic which this Academy decided to address in 1996, and it was chosen for two reasons. Firstly it is of universal importance, being central to the life of everyone, everywhere. This is the case, not merely in the sense of work providing a livelihood, utterly indispensable though this is, but in the broader sense that working is crucial to our very humanity since it is the means through which people realise themselves, becoming more human in the process (*Laborem exercens*, n. 9) and thus more like that which we are created to be.

Secondly, "the Right to Work" is apposite for initiating dialogue with the social teachings of the Church. As Fr. Schasching shows in his masterly overview of the teachings on labour, work and employment, which forms the backdrop to our discussions, we have inherited a rich and growing conspectus in the century since the publication of *Rerum novarum*. This has articulated and re-iterated as its core principle the primacy of labour over capital; that the needs of people must consistently have priority and they themselves must never be regarded as one commodity amongst others in the economy, much less being subject to a process in which human beings are commodified. As such it is a tradition whose guiding principle the Academy of Social Sciences wholeheartedly re-affirms.

However, although social teaching can and must continue to re-endorse principles which are integral to the mission of the pilgrim Church, it also can and must be adaptive to the rapidity of socio-economic changes. Social teaching has to be continually responsive to changing circumstances which means that, of its nature, it will show continuous elaboration. The aim of the Academy is to contribute constructively to this process. We do so by offering a series of annual volumes whose programme of topics examined will be drawn together in a final Jubilee Edition to be produced for the Millennium.

The first volume begins by focusing upon the crucial theme of 'unem-

ployment', because without work a high proportion of those throughout the world are denied human dignity and self-realisation, becoming socially marginalized and lacking in both individual opportunity and social solidarity. In this volume we show that these are a rising proportion among people living in developed and developing societies alike.

As the first part of a trilogy, this initial volume confines itself to two main tasks. On the one hand, the various contributions aim to provide a *descriptive account of the quantitative changes in employment and unemployment* taking place in different parts of the world since the Second World War and especially since the economic crisis of the 1970s. (Broadly this is the concern of the papers by Llach, Betancur, Zubrzycki and Malinvaud, although it is touched upon by all). Alongside this picture of growing global unemployment are a series of 'evaluations' of those social institutions which are directly intertwined with the creation of work, its distribution or with mitigating the effects of unemployment — finance markets (Dr. Tietmeyer); political democracy (Prof. Rémond); the welfare state (Prof. Esping-Andersen); labour law (Prof. Kohler) and industrial relations (Prof. Vymětalík).

On the other hand, the second principal concern is to trace the *qualitative changes taking place in the active population*. As was noted in the Papal address, our choice of theme was very opportune because the political, economic and social transformations which have occurred do necessitate a new division of labour. Some aspects of this have already come about and our objective was to disengage and to document them. However, precisely because these are changes, they present a challenge to the Academy to explore them and their implications much further at our next plenary meeting in 1997. In parallel, the same qualitative changes also serve as a challenge to the Church's social teaching. As *Rerum novarum*, some do not yet feature at all in the corpus of teachings whilst others require the updating of implicit reference models, particularly that of the 'industrial society' itself, given the displacement of industrial production (both geographically and sectorally) in late modernity.

These quantitative and qualitative changes are briefly summarised below. The key point about them is that they form the prelude to the Academy's task of initiating a creative dialogue with the social teaching of the Church. Thus the volume concludes with some early 'dialogical points' (Prof. Suchocka), certain of which have been highlighted in the following summary.

QUANTITATIVE CHANGES

Firstly, in reviewing the world employment market, it was clear that the problem of unemployment is increasingly evident on a global basis as economic growth rates have dropped. (Rates of employment are predominantly a function of growth rates). For OECD countries, which largely succeeded in delivering full employment during the 25 years of post-war reconstruction, joblessness then increased with successive crises in the world economy in the 1970's (for OECD countries, unemployment has increased from 10 million during 1950-73, to 30 million in 1983 and stood at 25 million in 1990). This high rate of unemployment, which peaked at 8.5% of the workforce, meant, for example, that a quarter of those under the age of 25 have never worked in some European countries. In Eastern Europe 'full employment' evaporated in the 1990's with the suppression of latent posts (formal and fictitious jobs), the closing of state enterprises and a disadvantageous export situation. In the Third World, although there is a strong relationship between the level of GNP, of waged employment and of standards of living with integration into the world economy (especially in Asia), unemployment rises due to national debt depressing the capacity to create work, certain declines in demand for raw materials (sometimes ironically due to Western re-cycling) and transfers of Information Technology which diminish labour intensiveness. Unemployment is reinforced by the strong general tendency for the growth of the active population to outstrip the possibilities of employment outside the primary sector (which now often furnishes diminishing levels of subsistence). In short the problem of unemployment is increasingly evident on a world-wide basis.

QUALITATIVE CHANGES IN THE ACTIVE POPULATION

What seems incontestable is that the following changes in the composition of the active population have accompanied the increase in global unemployment over the last twenty five years. In other words, the successive crises in the world economy have not affected the potential working population in a uniform manner.

— Instead, unemployment has been disproportionately concentrated in two categories: the *young* and the *unskilled*, and raises the problems of how to *target* their incorporation into the world of work.

— The growth of jobs depends predominantly upon expansion of the tertiary sector, hence the nature of work has shifted increasingly into

services — business, social and personal. Although more marked in the developed world, the growth of tourism produces the same tendency in certain less developed countries, whilst in others this trend is offset by the countervailing effects of external investment and ‘transplanted production’ which augments the secondary sector, since local wage levels are advantageous to the costs of production. This sectoral shift invites social teaching to address the new issues raised by service-working, given that the problems of “industrial society”, (i.e. where the secondary sector was dominant) are no longer the only or even the predominant ones in late modernity.

— Globally, female participation in the labour market is the single most important factor characterising the active population; though lower in predominantly Catholic and Muslim countries and highest in ex-socialist ones. Nevertheless, this tendency shows rapid universal increases. There are no signs that this is an ephemeral phenomenon: indeed, in combination with the expansion of the service sector, female participation is likely to intensify in the foreseeable future.

Since work contributes to the fulfilment of each person, by literally increasing their humanity, then the voluntary entry of women into employment should be welcomed, rather than regretting the demise of the female “domestic model”. After all that model had only been characteristic of the more privileged sectors of developed societies for a relatively short historical period. Obviously this raises questions about the discharge of family responsibilities (particularly towards children and the aged), but it is *not* one which can be answered by concentrating exclusively upon *female* roles. Instead we need to examine options which acknowledge women’s needs, but also enable both sexes to play full roles in work and parenting.

— A corollary of increased female participation (given the demographic tendency for the majority of women to marry) is that, at the family level, we are increasingly dealing with dual-income units in the developed world and with dual-worker units in the less developed. Given that this ‘new’ model appears to be here to stay, consideration has to be given to parallel changes in family requirements such as child-care and care for the aged. One of the challenges to the Church’s current social teaching is to shift away from the model of the male breadwinner and his need to maintain his family and to elaborate the moral requirements of responsible parenting, for fathers too.

— Because technology requires the maximum use of workers’ intellectual rather than physical abilities and service work calls upon their social skills, then the highest quality of education for all is necessary if inherited social inequalities are not to be perpetuated in the new world of work —

whose own growth is predicted upon the maximal and universal development of human abilities. One of the most serious questions to be addressed in this context concerns the modalities for the socio-economic integration of those with limited ability.

— Occupational mobility (lateral, not necessarily upwards) is an increasing tendency whose implications need consideration regardless of whether the 'flexibility of labour' is deemed (logically or empirically) conducive to economic growth. Such changes include frequent moves to different employers and work sites, the increase of 'homeworking' which some see as heralding the 'virtual workplace', more self-employment and more contingent employment (part-time, limited contracts, cumulation of partial jobs, etc.) all of which have as their corollary increased geographic mobility, even if confined to a fairly restricted area. Immobile labour, accustomed to one work place and a life-long residential abode is diminishing despite resistance to closures of factories and of extractive industries, that is, those places where historically labour organisation was strongest.

This in turn poses the problem of reduced solidarity, of new forms of insecurity (high failure rates of self-employed initiatives) and isolation. The maintenance of social solidarity with fellow workers is intrinsic to the lived unity of humanity, but modalities are changing and older forms of unionisation, syndicalism and even professional associations are everywhere weakening. The problem is to identify viable new forms, voluntaristically entered into, since an attendant danger of flexible labour is increasingly sophisticated surveillance on the part of new firms whose intrusive dehumanisation of the dispensable worker simultaneously undermines the possible gains in self-determination which flexible working may offer.

— Simultaneously, *international* population movements have also been characteristic of the 'global market place'. However, this is not synonymous with a free labour market. Migrant workers are moving from South to North in growing numbers, but southern migrants are not those in greatest poverty and this spells a certain 'brain drain' within the South. Moreover, restrictive employment policies in the North not only intensify the above (by requiring capital and skills), but also raise moral and social questions, where 'guestworkers' (and to an even greater extent, refugees) are usually denied full democratic and civil rights in host countries.

The problem here is to integrate the *person* of the worker, transforming them from the objects of employment to working subjects, possessing the rights of citizenship and enabled to live in their family unit. Respect for the *person* entails repudiating the cost-benefit approach to migration and accepting the obligation to accord rights of entry to the family — whose

short-term results will undoubtedly constitute a diminution in cost-effectiveness. This is the price of the non-commodification of labour. Should social teaching not encourage the payment of this price?

— Finally, there was considerable agreement (Betancur, Rémond, Tietmeyer) over the need for an international system of finance-market supervision to avoid abuses. Some of these are well documented (e.g. the impact on the growing national debt of less developed countries and the manner in which the free circulation of capital effectively augments unequal exchange with the Third World rather than necessarily performing its assumed boosting function). What seems required here is a closer specification of those abuses rebounding upon employment, wage levels and international inequality, together with the kind of measures which would curb these without destroying beneficial competition. Furthermore, the ethical issue of dramatic increases in trading and profits, which are largely detached from real economic processes and from production, needs to be addressed in terms of the fiscal measures appropriate to such capital speculative gains, especially since it is precisely the representatives of such interests who are most vocal in calling for labour deregulation — with its attendant unemployment effects on the young and the unskilled. There is undoubtedly scope for a trade-off over the deregulation/regulation of the two markets, labour and capital and a need to explore how the latter could be harnessed to ameliorating the condition of the former. Social teaching has embraced the problems of international debt, but the ethics of speculative capitalism and whether its taxation could be directed to produce greater distributive justice for the Third World as well as for the young, unskilled and disabled in the developed world, are worthy of close attention.

CONCLUSION

To return to the starting point, the absence of work, unemployment and underemployment (in developed and less developed societies) reduces the meaning of existence. Therefore, *all* must be organically inserted into the production process or the service of society. The thesis of inevitable unemployment in developed societies has become widespread since the 60s. In other words, even under the conditions deemed most propitious for competitive market growth, these are insufficient to promote universal employment. Therefore, more serious attention needs to be given both by the Academy and by social teaching to the whole notion of a more equitable distribution of work (e.g. job-sharing, shorter working weeks for

employees, gradual retirement) as well as how to incorporate different types of service to society as an authentic alternative form of work.

It is not the Academy's task or aim to advance concrete socio-economic policies, but to define the necessary social conditions which would offer the opportunity of personal fulfilment to all, and through work. Indeed it would be impossible for us to aspire to produce policy initiatives since, as an academic body we also represent many of the differences which divide our various disciplines — as can be seen amongst this collection of papers. Nevertheless, the challenge of social teaching also challenges *our* future work, which must hold hard to the guiding principle that prosperity and economic growth must never be realised to the detriment of persons and people, and that no economic system or practice can be exempted from this. The desirability of 'the right to work' was the starting point of our discussions: their ultimate objective is to define some of the conditions which would contribute towards making this a real possibility.

MARGARET S. ARCHER

Epiphany 1998

II PLENARY SESSION: 20-23 MARCH 1996

PROGRAMME

Wednesday, 20th March 1996

Holy Mass presided by His Eminence ANGELO Card. SODANO, Secretary of State (Vatican Grottoes, Saint Peter's Tomb).

FIRST BUSINESS MEETING

Towards a medium-term work programme for the Academy - Prof. EDMOND MALINVAUD

Reports of the Committees:

Committee on the Great Jubilee - Prof. MARY ANN GLENDON

Committee on Democracy - Prof. EDMOND MALINVAUD

Committee on Intergenerational Solidarity - Prof. PIER LUIGI ZAMPETTI

Programme Committee - Prof. MARGARET ARCHER

Editorial Committee - Prof. LOUIS SABOURIN

SESSION 1 - CATHOLIC SOCIAL TEACHING AND EMPLOYMENT

Chairperson: Prof. PAULUS ZULU

Kenyote paper: *Catholic Social Teaching on Labour, Work and Employment* - Prof. Fr. JOHANNES SCHASCHING S.J.

Discussion

1. *Work across the world: some basic features* - Prof. JUAN JOSÉ LLACH
2. *Globalization and the changing international division of labour and distribution of employment* - Prof. BELISARIO BETANCUR¹
3. *International migration, distribution of work and development* - Prof. JERZY ZUBRZYCKI

¹ Since Prof. B. Betancur was absent at the Plenary Session, this paper was presented by Prof. Margaret Archer.

Thursday, 21st March 1996

Holy Mass presided by H.E. Mons. DONATO SQUICCIARINI, Holy See Delegate to the Council of the Foundation (Vatican Grottoes, Polish Chapel).

SESSION 2 - THE FUTURE OF EMPLOYMENT

Chairperson: Prof. LOUIS SABOURIN

4. Keynote paper: *Unemployment in mixed economies: inevitable or avoidable?* - Prof. EDMOND MALINVAUD
5. *Financial markets: in relation to employment and unemployment* - Prof. HANS TIETMEYER
6. *Democracy: its relationship with employment and representation of the interests of capital and labour* - Prof. RENE REMOND

SESSION 3 - THE REGULATION OF UNEMPLOYMENT

Chairperson: Prof. PEDRO MORANDE

7. *Equality or employment? The interaction of wages, Welfare States and family change* - Prof. GOSTA ESPING ANDERSEN
8. *Labour Law and Labour Relations: comparative and historical perspectives*
Prof. THOMAS KOHLER

Friday, 22nd March 1996

Holy Mass presided by Mons. DIARMUID MARTIN, Secretary of the Pontifical Council of Justice and Peace (Vatican Grottoes, Saint Peter's Tomb).

SESSION 4 - THE CULTURE OF WORK

Chairperson: Prof. MINA RAMIREZ

9. *Employment and the quality of human relationships at work: the working expression of Christian values* - Prof. BEDRICH VYMETALIK

PAPAL AUDIENCE

(Council Meeting)

SESSION 5 - THE "RIGHT TO WORK" AND THE FEASIBILITY OF
FULL EMPLOYMENT: DIALOGICAL POINTS

Chairperson: Prof. MICHEL SCHOONYANS

10. Introduction of discussion by Prof. H. SUCHOCKA

- *The right to work - a feasible objective?*
- *Alternative ways and means of supplying employment*
- *Main barriers to reducing unemployment (and underemployment)*
- *A global employment policy and/or local action?*

SESSION 6 - GENERAL DISCUSSION / CONCLUSIONS

Chairperson: Prof. Mons. ROLAND MINNERATH

Commentators: Prof. Fr. JOHANNES SCHASCHING and Mons. DIARMUID MARTIN

Saturday, 23rd March 1996

Holy Mass presided by His Eminence ROGER Card. ETCHEGARAY, President
of the Pontifical Council of Justice and Peace (Vatican Grottoes,
Hungarian Chapel).

SECOND BUSINESS MEETING (closed session on future activities)

Chairperson: Prof. EDMOND MALINVAUD

Visit to Sistine Chapel

(Council Meeting)

LIST OF PARTICIPANTS

I - ACADEMICIANS

Prof. ARCHER MARGARET: University of Warwick - Department of Sociology, Coventry, *Warwickshire* CV4 7AL - Great Britain.

Prof. ARROW KENNETH: Stanford University - Department of Economics, Stanford, *California* 94305-6072 - U.S.A.

Prof. AVERINTSEV SERGHEY SERGHEIEVICH: Moscow State University - Institute for Study of World Culture, Vorobyevy Gory - 119899 *Moscow* - Russia.

Prof. BONY JOACHIM: Société d'Enseignement Privé Ivoirienne, BP 1426 - *Abidjan* 08 - Ivory Coast.

Prof. GLENDON MARY ANN: Harvard University Law School, Hauser Hall 504, 1525 Massachusetts Ave. - Cambridge, *Massachusetts* 02138 - U.S.A.

Prof. LLACH JUAN JOSÉ: Ministerio de Economía y Servicios Públicos, Secretaría de Programación Económica, Hipólito Yrigoyen 250, 8°, of. 819, *Buenos Aires* 1310 - Argentina.

Mr. Justice Mc NALLY NICHOLAS: Supreme Court of Zimbabwe, Third Street/ Union Ave. *Harare* - Zimbabwe. P.O. Box: 870 Causeway - Zimbabwe.

Prof. MALINVAUD EDMOND: I.N.S.E.E. Centre de Recherche en Economie et Statistique, 15 Bd. Gabriel Péri - 92245 *Malakoff* - France.

Prof. Mons. MINNERATH ROLAND: Université des Sciences Humaines - Faculté de Théologie Catholique, 9 Place de l'Université, *Strasbourg* 67000 - France.

Prof. MORANDE PEDRO: Pontificia Universidad Católica de Chile - Facultad de Ciencias Sociales. Av. Vicuña Mackenna 4860 - Casilla 306, Correo 22. *Santiago* - Chile.

Prof. Fr. MUSELAY ISTVAN S.J.: Collegium Hungaricum. Blijde Inkomststraat 18. B-3000 *Leuven* - Belgium.

Prof. RAMIREZ MINA: Asian Social Institute - General Sociology, Pastoral Sociology and Social Work. 1518 Leon Guinto, Malate. *Manila* 1004 - Philippines.

Prof. REMOND RENÉ: Fondation Nationale des Sciences Politiques. 27 rue Saint Guillaume, Paris. 75337 *Paris Cedex* 07 - France.

Prof. SABOURIN LOUIS: Université de Québec, Ecole Nationale d'Administration Publique. 1001 rue Sherbrooke est, Montréal H2L 4Z1 *Québec* - Canada.

Prof. SCHAMBECK HERBERT: Johannes Kepler Universität Linz. Institute of Public Law and Political Science. Altenbergerstr. 69. *Linz* A-4040 Upper Austria - Austria; Vice-President, Federal Council of the Republic of Austria Parliament. A-1017 *Vienna* - Austria.

Prof. Fr. SCHASCHING JOHANNES S.J.: Katholische Sozialakademie, Schottenring 35/DG. A-1010. *Wien* - Austria.

Prof. Fr. SCHOOYANS MICHEL: Voie du Roman Pays 31, bte. 101. B-1348 *Louvain-la-Neuve* - Belgium.

Prof. SUCHOCKA HANNA: Polish Parliament - SEJM. Ul. Wiejska 4/6. *Warszawa* 0092 - Poland.

Prof. TIETMEYER HANS: Deutsche Bundesbank, Wilhelm-Epstein-Straße 14. 60431 *Frankfurt/Main* - Germany.

Prof. Fr. UTZ ARTHUR O.P.: Institut International des Sciences Sociales et Politiques. CH-1783 *Pensier/Fribourg* - Switzerland.

Prof. VYMETALIK BEDRICH: Advocate Office Frydek-Místek. Lískovecká 2089. *Frydek-Místek* 738 01 - Czech Republic.

Prof. ZACHER HANS: Max-Planck-Gesellschaft zur Förderung der Wissenschaften e.V. Postfach 101062. *München* 80084 - Germany.

Prof. ZAMPETTI PIER LUIGI: Università di Genova. Facoltà di Scienze Politiche. Via Balbi 6. 16126 *Genova* - Italy.

Prof. ZUBRZYCKI JERZY: The Australian National University. Research School of Social Sciences. GPO Box 4 *Canberra* ACT - 0200 Australia.

Prof. ZULU PAULUS MZOMUHLE: University of Natal. Centre for Social and Development Studies. King George V Avenue. 4001 *Durban*, Natal - South Africa.

II - COUNCIL OF THE FOUNDATION FOR THE DEVELOPMENT OF SOCIAL SCIENCES *

H.E. Mons. SQUICCIARINI DONATO: Apostolic Nuncio in Austria. Teresianumgasse 31. A-1040 *Wien* - Austria.

Dr. Dr. BATLINER HERBERT: Fürstlicher Kommerzienrat, Senator h.c. Präsident der Stiftung zur Förderung der Sozialwissenschaften. Aulestrasse 74 - Postfach 86. FL-9490 - *Vaduz* - Liechtenstein.

Dr. STRIMITZER MARTIN: Former President of the Austrian Federal Council. Südtiroler Pl. 14-16. 6010 *Innsbruck* - Austria.

Dr. WECK PHILIPPE DE: Ancien Président de l'Union de Banques Suisses. Les Rappes. CH-1753 *Matran* - Switzerland.

Mr. HORTEN ALPHONS: Kurhausstr. 82. CH-8032 *Zürich* - Switzerland.

III - EXPERTS

Prof. ESPING ANDERSEN GOSTA: University of Trento. Faculty of Sociology. Via Verdi 26. *Trento* 38500 - Italy.

Prof. KOHLER THOMAS: Boston College. Law School. 885 Centre St. Newton. *Massachusetts* 02159 - U.S.A.

* In this list of Members of the Foundation Professors Schambeck, Minnerath, Utz and Malinvaud are not included because they are simultaneously Members of the Academy.

IV - SPECIAL GUESTS

H.E. ETCHEGARAY Card. ROGER: President of the Pontifical Council of Justice and Peace. Piazza San Calisto 16 - 00153 *Roma* - Italy.

H.E. STICKLER Card. ALFONS MARIA: Piazza del Santo Uffizio 11 - 00193 *Roma* - Italy.

Mons. MARTIN DIARMUID: Pontifical Council of Justice and Peace. Piazza San Calisto 16 - 00153 *Roma* - Italy.

Prof. ATIENZA JOSÉ LUIS: Ateneo Romano della Santa Croce. Piazza S. Apollinare 49 - 00186 *Roma* - Italy.

Prof. Fr. BERNAL RESTREPO SERGIO S.J.: Pontifical Gregorian University. Faculty of Social Sciences. Piazza della Pilotta 4 - 00187 *Roma* - Italy.

Prof. Fr. CALIMAN GERALDO S.D.B.: Pontifical Salesian University. Institute of Sociology. Piazza Ateneo Salesiano 1 - 00139 *Roma* - Italy.

Dr. CALOIA ANGELO: Istituto per le Opere di Religione - 00120 *Vatican City*.

Prof. CARBONELL DE MASY RAFAEL: Pontifical Gregorian University. Piazza della Pilotta 4 - 00187 *Roma* - Italy.

Fr. CARUSO ANTONIO S.J.: Secretariat of State - 00120 *Vatican City*.

Prof. CHALMETA GABRIEL: Ateneo Romano della Santa Croce. Piazza S. Apollinare 49 - 00186 *Roma* - Italy.

Prof. CICCIMARRA FRANCESCO: Pontifical Urbanian University. Department of Sociology. Via Urbano VIII 16 - 00165 *Roma* - Italy.

Prof. Fr. COMPAGNONI FRANCESCO O.P.: Pontifical University of S. Tommaso d'Aquino. Faculty of Social Sciences. Largo Angelicum 1 - 00184 *Roma* - Italy.

Prof. Fr. BETTI UMBERTO O.F.M.: Rettore Magnifico - Pontificia Università Lateranense. Piazza S. Giovanni in Laterano 4 - 00184 *Roma* - Italy.

Prof. DE SIMONE GAETANO: Pontifical Lateran University. Piazza S. Giovanni in Laterano 4 - 00184 *Roma* - Italy.

Prof. FITTE HERNÁN: Ateneo Romano della Santa Croce. Piazza S. Apollinare 49 - 00186 *Roma* - Italy.

Prof. Fr. GATTI GUIDO S.D.B.: Pontifical Salesian University. Institute of Sociology. Piazza Ateneo Salesiano 1 - 00139 *Roma* - Italy.

Prof. Fr. JOBLIN JOSEPH S.J.: Pontifical Gregorian University. Piazza della Pilotta 4 - 00187 *Roma* - Italy.

Prof. Fr. KACZYNSKI EDWARD O.P.: Pontifical University of S. Tommaso d'Aquino. Faculty of Social Sciences. Largo Angelicum 1 - 00184 *Roma* - Italy.

Prof. Fr. NGUYEN THAI HOP PAUL O.P.: Pontifical University of S. Tommaso d'Aquino. Faculty of Social Sciences. Largo Angelicum 1 - 00184 *Roma* - Italy.

Prof. Mons. NOTARANGELO BIAGIO: Pontifical Urbanian University. Department of Sociology. Via Urbano VIII 16 - 00165 *Roma* - Italy.

Prof. PERONE GIANCARLO: Pontifical Lateran University. Piazza S. Giovanni in Laterano 4 - 00184 *Roma* - Italy.

Prof. Fr. PESCE GIUSEPPE O.F.M.: Pontifical Urbanian University. Department of Sociology. Via Urbano VIII 16 - 00165 *Roma* - Italy.

Prof. PETRONGARI MARIA RITA: Pontifical Lateran University. Piazza S. Giovanni in Laterano 4 - 00184 *Roma* - Italy.

Prof. PILIERI ANTONIO: Pontifical University of S. Tommaso d'Aquino. Faculty of Social Sciences. Largo Angelicum 1 - 00184 *Roma* - Italy.

Prof. SUAREZ RAFAEL WAGNER: Pontifical Gregorian University. Piazza della Pilotta 4 - 00187 *Roma* - Italy.

Prof. Fr. TOSO MARIO S.D.B.: Pontifical Salesian University. Institute of Sociology. Piazza Ateneo Salesiano 1 - 00139 *Roma* - Italy.

ADDRESS OF THE PRESIDENT OF THE PONTIFICAL ACADEMY OF SOCIAL SCIENCES TO THE HOLY FATHER *

Saint-Père,

Voilà plus de deux ans que Vous avez institué l'Académie Pontificale des Sciences Sociales et que vous avez confié à trente Académiciens la responsabilité d'engager les activités de cette institution nouvelle, et cela d'une manière conforme à sa mission. Ces deux années ont été consacrées à une mise en route. Notre seconde Session plénière devrait marquer le début du fonctionnement normal des travaux de l'Académie.

La mise en route doit beaucoup au travail de la Commission de lancement qui s'était réunie à plusieurs reprises avant l'été 1994. Elle a été surtout marquée par notre première rencontre, au cours de laquelle Vous nous avez accordé une audience le 25 novembre 1994 et avez précisé ce que Vous attendiez de nous. Cette première Session restera dans l'histoire grâce au petit volume qui en présente le compte rendu. C'est un honneur pour moi, Saint-Père, de vous remettre humblement au nom de mes confrères ce compte rendu, ainsi que le premier annuaire de l'Académie. Je n'ai pas besoin d'insister sur le rôle joué par notre Chancellerie dans la mise au point et la production rapide de ces deux documents.

Au cours de la première Session, nous avons d'abord pris connaissance de nos missions et pris connaissance entre nous. Nous avons ensuite arrêté quelques orientations de principe sur les thèmes à traiter prioritairement et sur nos méthodes de travail. Nous avons enfin pris conscience des conditions de nos activités scientifiques et de l'étendue des sujets que nous devrions, un jour ou l'autre, étudier. Cela, nous l'avons fait grâce aux contributions de certains de nos confrères qui avaient accepté de traiter de sujets se rattachant aux inégalités sociales. Ces contributions sont publiées dans le compte rendu de notre Session, où elles tiennent la plus grande place et sont accompagnées de résumés des brèves discussions qui suivirent.

* The following address was delivered by the President of the Academy, Prof. Edmond Malinvaud, at the Papal Audience of March 22, 1996.

L'activité scientifique de notre présente Session bénéficie notamment de trois enseignements que nous avons tirés de l'expérience acquise en novembre 1994. Premièrement, nous avons perçu que le thème de chaque Session devait être mieux centré, les différentes contributions étant mieux organisées en référence à ce thème. Nous avons ainsi choisi pour cette Session le thème de l'emploi. Nous devons beaucoup au Comité du Programme, présidé par Margaret Archer. Il a su sélectionner des sujets se complétant mutuellement, obtenir l'accord de certains de nos confrères pour en traiter et faire appel à deux experts extérieurs particulièrement compétents sur deux des sujets retenus.

Secondement, notre Conseil avait décidé que dorénavant, les thèmes devraient être traités par référence à la Doctrine sociale de l'Eglise, afin que l'Académie respecte pleinement le rôle que Vous lui aviez confié dans le dialogue entre l'Eglise et les spécialistes des sciences sociales. Pour y réussir nous avons demandé à notre confrère, le Père Schasching, de bien vouloir préparer, dès le printemps dernier, une note faisant le point de la Doctrine sur le thème du travail. Le Comité du programme a ensuite demandé à chacun des auteurs de contributions de placer la sienne par référence à la note du Père Schasching.

Troisièmement, nous avons pris conscience en 1994 de quelques circonstances qui handicapaient nos échanges. Certaines étaient faciles à contourner, telle celle exigeant que tous les Académiciens aient le moyen de réfléchir à l'avance sur toutes les contributions, cela grâce à une circulation préliminaire des notes écrites. Nous pouvons remercier aujourd'hui tous les auteurs pour leurs efforts en vue de permettre cette circulation. D'autres difficultés ne pouvaient être levées qu'au prix de coûts substantiels. Grâce à la générosité de nos financiers, nous bénéficions par exemple d'un dispositif de traductions simultanées pour cette Session.

Nous aurons à faire le point à la fin de notre Session afin de rendre notre travail futur encore plus efficace. Nous aurons aussi à réfléchir sur notre programme d'activités, dans un esprit que Vous nous avez fait l'honneur d'accepter.

Telles sont les quelques considérations que j'ai cru devoir formuler très simplement alors que nous sommes prêts, Saint-Père, à écouter soigneusement les recommandations que Vous voudrez bien nous donner.

ADDRESS OF THE HOLY FATHER TO THE PARTICIPANTS OF THE SECOND PLENARY SESSION *

Monsieur le Président,
Mesdames et Messieurs les Académiciens,

1. La deuxième session plénière de l'Académie pontificale des Sciences sociales, par laquelle vous inaugurez le travail normal de votre institution après une première période d'organisation, me donne l'occasion de vous exprimer toute ma gratitude. Mes remerciements s'adressent tout d'abord à vous, Monsieur le Président, pour vos paroles courtoises. Je tiens à vous dire toute mon estime, car vous veillez à mettre en place une méthode de travail rigoureuse et une collaboration intense entre les membres de l'Académie, pour favoriser une recherche fructueuse. J'adresse mes salutations cordiales à tous les membres de votre nouvelle institution; je les remercie d'avoir accepté de scruter, avec compétence et avec une grande disponibilité intellectuelle, les réalités sociales modernes, dans le but d'aider l'Eglise à remplir sa mission auprès de nos contemporains.

2. Constatant l'augmentation rapide des inégalités sociales, entre le Nord et le Sud, entre les pays industrialisés et les pays en voie de développement, mais aussi au sein même des nations habituellement considérées comme riches, vous avez choisi comme *premier thème de réflexion celui de l'emploi*. Cela est particulièrement opportun dans la société contemporaine où les bouleversements politiques, écono-

* The following address was delivered by His Holiness John Paul II on March 22, 1996. It was published in *L'Osservatore Romano* on March 23, 1996.

miques et sociaux nécessitent *une nouvelle répartition du travail*. J'apprécie ce choix, qui répond à un souci constant de l'Eglise; comme je le rappelais dans l'Encyclique *Laborem exercens*, par le travail, «non seulement l'homme transforme la nature en l'adaptant à ses propres besoins, mais encore il se réalise lui-même, comme homme et même, en un certain sens, il devient plus homme» (n. 9). Cette préoccupation était l'un des axes de l'Encyclique *Rerum novarum*, où Léon XIII affirmait avec force que, dans la vie économique, *il est primordial de respecter la dignité de l'homme* (cf. n. 32).

Dans votre démarche, vous prenez soin de relier la Doctrine sociale de l'Eglise avec les aspects scientifiques et techniques. Vous manifestez ainsi le véritable statut de la Doctrine sociale, qui n'a pas de propositions concrètes à présenter et qui ne se confond pas «avec des attitudes tactiques ni avec le service d'un système politique» (Paul VI, *Evangelii nuntiandi*, n. 38). L'Eglise n'entend pas se substituer aux Autorités politiques ni aux décideurs économiques, pour engager des actions concrètes qui relèvent de leurs compétences ou de leur responsabilité dans la gestion du bien public. Le Magistère veut rappeler les *conditions de possibilité, sur le plan anthropologique et éthique, d'une démarche sociale* qui doit placer en son centre l'homme et la collectivité, pour que chaque personne s'épanouisse pleinement. Il offre «des principes de réflexion, des critères de jugement et des directives d'action», manifestant que la Parole de Dieu s'applique à «la vie des hommes et de la société comme aussi aux réalités terrestres qui s'y rattachent» (*Sollicitudo rei socialis*, n. 8).

3. C'est donc d'abord une *anthropologie qui appartient à la longue tradition chrétienne* que les scientifiques et les responsables de la société doivent pouvoir accueillir; car «toute action sociale engage une doctrine» (Paul VI, *Populorum progressio*, n. 39). Cela n'exclut pas la pluralité légitime des solutions concrètes, dans la mesure où les valeurs fondamentales et la dignité de l'homme sont respectées. L'homme de science ou celui qui a une responsabilité dans la vie publique ne peut fonder son action uniquement sur des principes

tirés des sciences positives; ceux-là font abstraction de la personne humaine, mais considèrent les structures et les mécanismes sociaux. Ils ne peuvent pas rendre compte de l'être spirituel de l'homme, de son désir profond de bonheur et de son devenir surnaturel, dépassant les aspects biologiques et sociaux de l'existence. S'en tenir à cette attitude, légitime comme instance épistémologique, serait traiter l'homme «comme un instrument de production» (Pie XI, *Quadragesimo anno*). Tout ce qui a trait au Bien, aux valeurs et à la conscience excède la démarche scientifique et relève de la vie spirituelle, de la liberté et de la responsabilité des personnes qui, de par leur nature, sont portées à rechercher le bien.

De ce fait, la prospérité et la croissance sociales ne peuvent se réaliser au détriment des personnes et des peuples. Si le libéralisme ou tout autre système économique ne privilégie que les possesseurs de capitaux et ne fait du travail qu'un instrument de production, il devient source de graves injustices. La concurrence légitime, qui stimule la vie économique, ne doit pas aller contre le *droit primordial de tout homme à avoir un travail* qui puisse le faire vivre avec sa famille. Car, comment une société peut-elle se juger riche si, en son sein, de nombreuses personnes, manquent du nécessaire vital? Tant qu'un être humain sera blessé et défiguré par la pauvreté, c'est, d'une certaine manière, toute la société qui en sera blessée.

4. En ce qui concerne le travail, *tout système économique doit avoir comme principe premier le respect de l'homme et de sa dignité*. «Le but du travail [...] reste toujours l'homme lui-même» (*Laborem exercens*, n. 6). Il convient de rappeler à ceux qui, à un titre ou à un autre, sont des pourvoyeurs d'emplois les trois grandes valeurs morales du travail. Tout d'abord, *le travail est le moyen principal d'exercer une activité spécifiquement humaine*. Il est «dimension fondamentale de l'existence humaine, par laquelle la vie de l'homme est construite chaque jour, où elle puise sa propre dignité spécifique» (*Laborem exercens*, n. I, 1). C'est aussi pour toute personne *le moyen normal de couvrir ses besoins matériels et ceux de ses frères placés sous sa*

responsabilité. Mais le travail a encore *une fonction sociale*. Il est un témoignage de la solidarité entre tous les hommes; chacun est appelé à apporter sa contribution à la vie commune et aucun membre de la société ne devrait être exclu des circuits du travail ni marginalisé. Car l'exclusion des systèmes de production entraîne presque inéluctablement une exclusion sociale plus large, avec en particulier des phénomènes de violence et des fractures familiales.

Dans la société contemporaine où l'individualisme est de plus en plus fort, il importe que les hommes prennent conscience que leur action personnelle la plus humble et la plus discrète, en particulier dans le monde du travail, est un service de leurs frères en humanité et une contribution au bien-être de la communauté tout entière. Cette responsabilité relève du devoir de justice. En effet, chacun reçoit beaucoup de la société et il doit être en mesure de donner à son tour, en fonction des talents qui sont les siens.

5. L'absence de travail, le chômage et le sous-emploi conduisent beaucoup de nos contemporains, dans les sociétés industrielles comme dans les sociétés à économie traditionnelle, à *douter du sens de leur existence* et à désespérer de l'avenir. Il convient de reconnaître que, pour que le progrès soit vraiment au service de l'homme, il faudrait que *tous les hommes soient organiquement insérés dans les processus de production ou de service du corps social*, afin d'en être les auteurs et d'en partager les fruits. *Cela est particulièrement important pour les jeunes* qui souhaitent justement gagner leur vie, s'insérer dans le tissu social et fonder une famille. Comment peuvent-ils prendre confiance en eux et être reconnus par autrui si les moyens ne leur sont pas donnés de s'insérer dans les réseaux professionnels? Dans les périodes où le plein emploi n'est plus possible, l'Etat et les entreprises ont le devoir de réaliser une *meilleure répartition des tâches entre tous les travailleurs*. Les institutions professionnelles et les travailleurs eux-mêmes doivent savoir, pour le bien de tous, accepter ce partage et peut-être une perte relative d'avantages acquis. C'est un principe de *justice humaine et de morale sociale* tout autant que de

charité chrétienne. Personne ne peut raisonner dans une perspective purement individualiste ou dans un esprit trop fortement corporatiste; chacun est invité à tenir compte de l'ensemble de ses frères. Il convient donc d'éduquer nos contemporains, afin qu'ils puissent prendre conscience du caractère limité de la croissance économique, pour ne pas induire la perspective erronée et illusoire que semble offrir le mythe du progrès permanent.

6. Vous avez souhaité élargir votre recherche à ses implications politiques et démographiques. Vos appréciations sur la situation internationale seront une contribution précieuse pour faire apparaître les nombreux facteurs liés au développement économique. Devant *la mondialisation des problèmes*, j'apprécie votre souci de proposer une démarche qui tienne davantage compte de la répartition démographique du travail, et de *la situation des pays en voie de développement* qui ne peuvent pas être ignorés dans le choix des stratégies internationales; devant les difficultés qu'ils rencontrent dans leurs lentes transitions politiques et économiques, on ne peut se désolidariser.

7. Mesdames et Messieurs les Académiciens, à l'occasion de votre deuxième session plénière, je tiens à vous renouveler ma confiance et mon estime. L'Eglise compte sur vous pour être éclairée dans des domaines où se font de plus en plus sentir l'urgence et la nécessité de décisions qui ouvriront un avenir plus solidaire et plus fraternel au sein des nations et entre tous les peuples de la terre. En vous exprimant mes vœux fervents pour vos travaux, j'invoque sur vous l'assistance de l'Esprit de vérité et les Bénédictiones du Seigneur.

ACTIVITIES OF THE ACADEMY AFTER THE FIRST PLENARY SESSION NEW GUIDE-LINES DECIDED UPON AT THE SECOND PLENARY SESSION

REPORT BY THE PRESIDENT

After the first session, held on November 24-26, 1994, the work for the Pontifical Academy of Social Sciences was then assumed by the Chancellery, with particular responsibility for publications, and by the Council of the Academy, for the implementation of the initial guide-lines chosen by the Academicians at that session for future activities. This work was reviewed at the Second Plenary Session and new guide-lines were defined.

INITIAL GUIDE-LINES¹

In November 1994 there was agreement on the exact content of the mission given to the Academy by the Holy Father. The Academy has to promote the study and progress of social sciences, and to take a strictly scientific approach, proper to the different social sciences. The Academy should also offer the Church resources necessary for the development of her social doctrine and should therefore give priority to those research programmes or projects that have particular relevance to the most crucial aspects of this doctrine.

These two aspects of the mission were considered in the light of the ethical, epistemological and operational dimensions of social sciences. The need for the composition of the Academy to cover the full spectrum of the social sciences was stressed. However, the suggestion to introduce sections

¹ See in particular the two summary reports of the business meetings of November 24 and 26, 1994, pages 49 to 60 of the Proceedings of the First Session.

corresponding to different fields was rejected because of the advisability of approaching problems from the viewpoints of the various disciplines simultaneously. The Academy should always be aware that very different situations exist in various parts of the world and that it has to provide specific answers to the specific problems of concern in different regions.

Two long discussions were held on the scientific themes to which the Academy should give priority in the first phase of its activities. Three of those themes were finally selected: 1. Work in human societies and the problems of unemployment and of work culture; 2. Democracy, its socio-economic conditions and the transformation of democracy; 3. Intergenerational solidarity, the welfare state and the family. A decision was also taken to devote the whole scientific programme of the Second Plenary Session to the first theme.

The Academy paid serious attention to the publications it should produce, insisting that they should be carefully planned from the start of its activities. The main target for the dissemination of work from the Academy should be the international academic community.

Lastly, the Academy would have to decide at its second session what its contribution to the activities of the Holy See for the Jubilee Year 2000 should be.

ACTIVITIES OF THE COUNCIL

After the first session, the main concerns of the Council of the Academy were to draw lessons from this initial experience and to decide about the pattern of future activities. The Council was also to implement the decisions taken at the session regarding the future programme of work. This implied both serious efforts to prepare for the Second Plenary Session, but also planning activities over several years to come. Lastly, the Council had to decide how to publish a good book of proceedings of the first session and a good yearbook.

Systematic adoption of dialogue

Since the Academy has to enter into dialogue with the Church, scientific activities have to be organized and focused so as to promote this dialogue in the best possible way. The Council agreed that the ideal pattern was first to commission a report on the most important parts of the Social Teachings on the topic examined, which would also identify points where further elaboration of these teachings seemed to be advisable. The report

would then be distributed in advance so that Academicians and other authors of contributions could be requested to address those points, plus any others they considered to be directly relevant. Thus, the Academy would proceed towards a constructive evaluation of the teachings in the light of social science knowledge. Problematic issues and lacunae would be discussed and suggestions made concerning the development of the Social Doctrine. Published volumes of the Academy should appear as constructive responses to aspects of existing Social Doctrine; they should be designed to elicit further responses and thus to extend the dialogue. The Council decided that this pattern would be applied in the Second Plenary Session.

The Council was aware that the First Plenary Session had been an experiment, giving Academicians the opportunity to get to know each other and to exchange ideas in the context of a rather loosely defined topic. Two important conclusions could be drawn from the experiment: first, the scientific work should deal with a narrower, and much better defined, subject; second, Academicians should have better facilities in which to prepare the meetings efficiently and to work together. To this end, papers should be distributed well before the meetings and simultaneous interpretation at the meetings would be most valuable. Thanks to a generous donation, the cost of interpreters would be covered at the second session.

Preparation of a longer term programme

After the initial choice of scientific themes made in November 1994 for the activities of the Academy over the coming years, their implementation required detailed planning. The Council thought that preparation had to be made fairly far in advance so that the Academy could reasonably hope, after a few years of existence, to produce publications which would really serve the Church and for its reflections to cover a set of issues such that by the year 2000 the function and domain of the Academy would be well and properly defined.

To this end the Council decided in March 1995 that detailed preparations would be delegated to a few specialized committees, working by correspondence between the sessions. Each committee would be chaired by an Academician; approximately three other Academicians would participate in each committee together with the President of the Academy and the Chancellor. In the initial phase of its work, each committee would investigate how the Academy ought best to deal with the theme assigned to it and would regularly report to the Council.

The Council then decided to create four such specialized committees, three of them being in charge respectively of one of the three themes

selected by the Academy in November 1994; the fourth one would investigate the contributions that the Academy could make to the activities of the Holy See during the Jubilee Year 2000. The committee on the theme of work and employment would of course be identified as the programme committee for the second plenary session, which Professor Archer accepted to chair. Professor Zampetti proposed to chair the committee on "Intergenerational solidarity, the welfare state and the family". In spring 1995, Professor Glendon accepted to chair the committee in charge of studying the contributions of the Academy to the Jubilee year. The name of Professor Zacher had been suggested for chairing the committee on democracy. Although accepting in principle, Professor Zacher explained that his function as President of the Max-Planck-Gesellschaft prevented him from chairing the committee before the summer 1996; the President then acted as interim chairman.

The committees first reported on the occasion of the November 1995 meeting of the Council and next at the March 1996 Plenary Session. Three important decisions were then taken about the programme of activities beyond March 1996. The scientific programme of the third Plenary Session would again be on the theme of work and employment, about which a number of aspects could not be discussed at the second session. As its contribution to the Jubilee year, the Academy would aim at editing a book, to be produced and distributed by a commercial publisher, on the outcome of its reflections about the theme of work and employment; this would be the first manifestation of the Academy's activities to the scientific community at large. The scientific programme of the fourth Plenary Session would concern the theme of democracy; but in order to guide the selection of topics, a small workshop would be held in the fall of 1996 with the purpose of examining how the social teaching of the Church on democracy is seen in various parts of the world and how it ought to be elaborated from these various viewpoints.

Preparation of the scientific programme of the Second Session

The topic of the scientific part of the second session had been decided by Academicians on November 26, 1994. For short it was called: "The Future of Labour and Labour in the Future". Chaired by Professor Archer, the programme committee first asked Father Schasching, who kindly accepted, to prepare a background document presenting the most important social teachings of the Church on the topic. In conformity with the pattern decided by the Council, the document was intended to serve as a reference for all speakers. It was ready in the summer 1995, which was far enough in

advance. The programme committee itself could then use the document in order to select the subjects of the various papers and to solicit authors. The reception was good; papers were distributed in advance and studied by Academicians, who had time to think about their comments. The outcome is precisely what appears in these proceedings.

In conformity with the request of the Council and the Foundation for the Advancement of Social Sciences, the President prepared a press release, presenting the programme of the session and the way in which the Academy intended to approach its mission. The release was published *in extenso* on half a page of *L'Osservatore Romano* two days before the beginning of the session.

Publication of the Proceedings of the First Session

The format to be given to the Proceedings had already been briefly examined at the first meeting of the Council on November 25, 1994. It was defined in detail at the second meeting held on March 24, 1995. Publication of the scientific papers would be in the language in which the papers had been delivered. Six short summaries would be published in English for the six scientific discussions that had been held during the session, usually after the presentation of two papers. Two reports would also be published concerning the business meetings held on November 24 and November 26. Since the first Yearbook of the Academy would appear at about the same time as the Proceedings, no biographical information about Academicians would be given in the Proceedings.

These decisions could be implemented thanks to a close collaboration and continuous dedication at the Chancellery, which is also in charge of editing the Yearbook. The quality of the publication of the proceedings was immensely improved by Professor Archer who read the whole manuscript. By March 1996 the Yearbook and the Proceedings had been published.

NEW GUIDELINES DECIDED UPON AT THE SECOND SESSION

Before anything else, the Academicians wanted to reflect on and draw lessons from what they had been doing for and at the Second Plenary Session (really the first regular one after the initial meeting of November 1994) and to evaluate the experiment of scientific exchanges which had taken place. They also had to review the activities of the Council during the preceding sixteen months, to decide on a programme of work for the next few years and to deal with a few other business matters.

Reflections about current activities

Academicians appreciated the progress made in the organization of the session, particularly the circulation of papers in advance and the availability of simultaneous interpretation. They formulated a number of detailed suggestions in order to improve further on the procedures that had been followed. Then they quickly turned to reflection on the substance and outcome of their debates on the theme of the session.

It appeared that the theme had been neither fully covered nor in sufficient depth. According to some Academicians, broader information and documentation was necessary before some of the ideas presented could be accepted. Still more importantly, it was felt that discussions should concentrate on the conclusions or theses that the authors derive from their papers, because difficulties arising around these conclusions and theses serve to identify what has to be studied further, and because, after agreement within the Academy, these conclusions and theses will have a prominent place in the dialogue with the Church.

As for the coverage of the theme under discussion, two lacunae were pointed out. First, attention had been focused too much on developed countries; it would be necessary to study the particular problems of work and employment in Asia, a continent that was not sufficiently represented in the Academy. Second, not enough consideration was devoted to the spirituality of work, especially given that the secularization coming from the West was challenging religious cultures elsewhere and appeared difficult to reconcile with Christian teachings. A reconsideration, perhaps a critique, of the philosophical and social axioms of Western conceptions would be welcome.

The Academy should not live in isolation from what is going on elsewhere in the fields it is studying. Some Academicians deplored in particular that they had not been associated with, or even informed about, a conference organized by the Pontifical Council for the Family on "The family and the economy in the future of society". Concern was also expressed about the visions promoted by some agencies of the United Nations and the suggestion was made that the Academy should publicly express its position on such visions.

More generally, several Academicians wished that the Academy could soon make public declarations on the conclusions of its scientific activities and ventured proposals concerning how such declarations should be prepared and disseminated.

Proceedings of the Session

Two main questions were examined about the publication of proceedings of the Second Plenary Session: How should the discussions of papers be reported? To what extent should the use of English be preferred? Academicians argued for a much more thorough report of the discussions than was presented in the proceedings of the first session. The question of languages was debated further. The programme committee had asked authors of papers not written in English to provide a long English summary. This had not been provided in all cases, but one Academician had also sent two full versions of his paper, one in English. However, the main point was to know what to do about the reports of the discussions: some insisted on publication in the language that the speaker masters best; others pointed out that nowadays no bookseller would take a book that is published in several languages and that English would permit the work of the Academy to reach a wider audience.

After the close of the session a meeting of the editorial committee was held. The committee chose the following general rules. The proceedings would contain final versions of invited papers, as revised by their respective authors. Publication would be in the language chosen by the author. If this was not English, a long English summary, or even a full English translation, would be published after the original text. In principle, the author would provide this English text. A check for correctness of English and French language usage would be provided, if necessary, under the supervision of the editors of the proceedings. A long report on the discussion would appear in English after each paper. Oral interventions would have to be made more concise or perhaps even be withdrawn by their authors; the objective would be to reduce the transcript of the discussion to about half its length. Details about the preparation of these reports and their approval by speakers could not be decided by the editorial committee.

Adoption of a work programme

After reviewing the work of the Council, the Academy accepted the proposal made for a longer term programme (see above), with only one minor change which concerned activities on the third main theme selected in November 1994: namely, "Intergenerational solidarity, the welfare state and the family". On the basis of what had been done by the committee charged with reflecting upon the study of the theme by the Academy, the Council had envisaged restricting the theme to the study of the welfare state in the first place, and then to proceed in three steps: first, to commission reports from experts on the state of the issues as seen from the moral

viewpoint, from the socio-political viewpoint and from the economic viewpoint; second, to hold a special meeting in Rome at which the committee would, with the assistance of experts, examine how to organize the work of the Academy on this theme; third, undertake this programme, perhaps starting with specialized roundtables. After being informed of these proposals, the Academy clearly rejected the idea of restricting the theme to the welfare state, even during the first phase.

Guidelines for activities on the theme of democracy

The Academy accepted the programme of activities proposed by the Council for the study of the theme and added that activities should start from a basic document surveying Catholic social teachings on democracy, which would play the same role that the document prepared by Father Schasching played for the theme of work. The Academy took note of the fact that the Pontifical Council for Justice and Peace was concerned that it had not dealt adequately with the political dimension and had decided to pay particular attention to it. The Pontifical Council, reflecting over the many different questions raised by democracy and its malfunctionings, had not yet decided where to put the main emphasis.

Academicians saw the main challenge as coming from the diversity of cultures throughout the world and their interplay or interference with political practices. The socio-cultural conditions of democracy may be still more relevant than the socio-economic conditions mentioned in the title provisionally chosen by the Academy for the theme. Given the present political diversity and given that the Church always stresses the unity of humankind, the Academy should reflect on the fundamental principles that should be derived from the Christian conception of humanity.

Toward appointment of new Academicians

Academicians were informed that the Council wanted to take advantage of the opportunity to propose the appointment of new Academicians to the Holy Father. However, the Council was concerned about the difficulty of finding the best possible candidates. According to the Statutes, Academicians "are appointed by the Supreme Pontiff on the basis of their competence in social sciences and of their moral integrity" (art. 3). "To appoint each member of the Academy, the President proposes to the Supreme Pontiff the names of three persons who have obtained a favourable vote from the Council of the Academy" (art. 4). In view of the challenging nature of the mission given to the Academy, the Council's difficulty in being

well-informed about potentially interesting scientists, and the fact that the maximum number of Academicians had been fixed at 40 by the Statutes (art. 3), the first task was to compile a well-documented initial list of candidates.

The President explained that the Council had to rely on Academicians to propose good candidates and that these proposals had to be well argued and documented. A "Note to those presenting candidates to the Academy" was distributed. The intention was to deal with this question with great care, but also with the aim of increasing the number of Academicians, close to the maximum of forty specified in the Statutes.

Academicians agreed on the importance of the problem, since it was already clear that they needed to be aided by scientists belonging to fields that were not, or were insufficiently represented in the Academy. They also explained their wish to be kept informed of the progress in this matter: first, to be involved in compiling a list of prospective candidates, and later in selecting those to be presented to the Holy Father. The President stated that the process would take some time and that he would report on this question at the Third Plenary Session.

SCIENTIFIC PAPERS

on:

THE FUTURE OF LABOUR
AND LABOUR IN THE FUTURE

I.

CATHOLIC SOCIAL TEACHING
AND EMPLOYMENT

CATHOLIC SOCIAL TEACHING AND LABOR

JOHANNES SCHASCHING S.J.

INTRODUCTION

From *Rerum novarum* to *Centesimus annus*, the future of labor represents a basic theme of Catholic social teaching. The remarks that follow endeavor to summarize some of the more important social documents, paying attention not only to the central themes, but also to their development over the course of time. This paper consists of four parts. The first section concerns itself with "Labor and Class Society" (Leo XIII - Pius XI). The second is entitled, "On the Way to a Culture of Labor" (John XXIII, Vatican II, Paul VI, John Paul II). The third section is dedicated to the special problem, "Labor and Development". The conclusion sets out a number of questions and tasks.

One comment is prerequisite to a proper understanding of the statements of Catholic social doctrine on labor. The Church's teaching never attempts to present a rigorously scientific analysis of work, nor to develop detailed solutions to the problems of work. Instead, as John Paul II expressly puts it in *Laborem exercens*, the social encyclicals set out to put "the dignity and the rights of working men" at the very center of the problem of labor. The social teachings are to act as an ethical guide to the shaping of the world of labor. Consequently, they are intended both "to condemn situations in which that dignity and those rights are violated", as well as to motivate people to commit themselves to sociopolitical action for the "authentic progress by man and society" (1).

For all intents and purposes, these statements constitute the terms of reference for the Pontifical Academy of Social Sciences. The Academy undoubtedly will found its work on the basic principles of Catholic social teaching, especially on the principle of the dignity of man, and will always come back to them. These principles will be of particular importance when the Academy exercises the function of social criticism. In pursuing its tasks,

the Academy also will enter into a close dialogue with the social sciences, to ensure that its statements will not be alien to reality, but solidly anchored in facts. The Academy will foster this dialogue even more intensely whenever it is called upon to collaborate in shaping labor in a fashion more in keeping with the rights of man, thereby promoting the "authentic progress of man and society".

I. LABOR AND CLASS SOCIETY (Leo XIII - Pius XI)

It is a fact that Catholic social teaching in the stricter sense arose with and in response to the problem of labor in the early phases of the industrial economy. In pre-industrial society, labor substantially was integrated into a society constituted by peasants, artisans and a corporate system. This should not be taken to mean that there were no problems of labor in this society. But, what was new about labor in the industrial era was the fact that it was economically exploited and socially marginalised. Socialism saw the solution in the organization of labor as a "fighting class" whose engagement in a "radical class struggle" would result in the abolition of private property and thereby, the creation of an egalitarian society.

Leo XIII (*Rerum novarum*, 1891) was asked for guidance both by the bishops and the Catholic laity. Many concrete proposals were made to him as to how the Church could solve the problem of labor. A first proposal: the re-introduction of the prohibition of interest. If no interest were paid, there could be no formation of capital and, consequently, no capitalist economy. A second proposal: a class-based society could only be overcome if the workers were to become the owners of the enterprises. A third proposal: the creation of "Christian" factories, where the ideals of Christian justice and charity would be practiced in an exemplary manner: by common spiritual exercises, by ethical behavior, and by just wages.

In *Rerum novarum*, Leo XIII formulated the position of the Church in relation to work as follows:

1. The Pope used harsh words to criticize the rise of the two-class society, the full effects of which had begun to be felt in the industrial centers: on the one side, an excessively rich minority that dominates not only the economy but also the state, and on the other, the teeming masses of the laboring poor suffering under a yoke "little better than slavery itself" (2).

2. The solution proposed by Socialism, i.e., to force a classless society by the abolition of private property and mobilization for the class struggle

also was condemned by the Pope. Leo XIII dismissed Socialism not only because it denies the natural right to property, but also because it menaces the freedom of man (3). However, there is one insight that was fundamental for him: "Capital cannot do without labor, nor labor without capital" (15).

3. Consequently, a solution to the labor question has to be found that avoids the errors of socialism, and yet is rooted in the conviction that, as far as natural law is concerned, the workers are just as much citizens as the proprietors — and this not least because workers represent the greater part of the population (27). Succinctly stated, the solution must satisfy the following conditions: Working people must not be treated like slaves (16); just wages must be paid (34); the need for protective labor legislation must be recognized, particularly to safeguard women and children (33); workers must enjoy the opportunity to acquire private property (35).

4. Three actors will have to work together if these conditions are to be attained: firstly, the Church, through her moral teaching and her sponsorship of social action (13 ff.); secondly, the State, through enacting social legislation that will humanize the situation of labor (25 ff.), but without thereby dominating citizens by displacing them from roles and activities properly theirs; thirdly, the workers themselves, by means of self-help activities that find their expression in the formation of associations of an economic, social and spiritual and cultural character (36 ff.). These associations correspond to natural law and therefore, the State cannot, and must not, prohibit them (38). But, these associations should have religion as their foundation (43).

5. In summary: Leo XIII recognized that labor in these early stages of industrial society was being menaced by two dangers: liberal capitalism and socialism. He disclaimed both of these ideologies and, even at that time, put forward the essential and basic rights of labor that had to be realized by the social policy of the State in collaboration with the organizations of the working men. But in the Pope's eyes, the decisive contribution was to come through the activity of the Church, since his encyclical was essentially intended for the Catholic countries. He hoped that the moral action of the Church and the commitment of the Catholic associations would make it possible to create something like a "Christian environment" that would prove capable of solving the problems of modern labor at the higher level: namely, through a reform of conscience. The Pope was convinced that "if society is to be cured now, in no other way can it be cured but by return to the Christian life and Christian institutions" (22).

Pius XI. (*Quadragesimo anno*, 1931). Forty years after the publication of the *Rerum novarum*, labor once again found itself at a crossroads. There undoubtedly had been some improvements in the course of the intervening four decades (59), but class society had been anything but overcome. Quite the contrary: a concentration of power had been achieved on the side of liberal capitalism that not only exploited labor, but also sought to dominate the State (105 ff.). On the side of labor, there had been a similar power concentration through organization as a result of the influence of socialism, especially in its radical form of communism, that rendered the class struggle more acute and aimed at a classless society (101). Things were made even more difficult by the fact that there were far-reaching differences of opinion and conflicts even among Catholics. They concerned, above all, the question of private property, the relation between capital and labor, and the question of wages.

Totalitarian systems promised radical solutions: communism in the East, national socialism in Germany, fascism in Italy. Pius XI pursued two goals with his encyclical. The first was to eliminate the conflict among Catholics; the second was the offer of a new order of society that was to go beyond both liberal capitalism and collectivism, in either its fascist or communist forms. As far as labor is concerned, this is what the encyclical had to say:

1. Like *Rerum novarum*, *Quadragesimo anno* does not basically reject an economic system to which some people contribute capital and others contribute labor. The Pope repeats the phrase that had been used by Leo XIII: "Capital cannot do without labor, nor labor without capital" (53). That is why a capitalist economic system "as such is not to be condemned" (101). In saying this, the Pope basically upholds the right of private individuals to own the means of production, but at the same time, he stresses the social dimension of private property (46).

2. The decisive feature of *Quadragesimo anno*, however, rests in its elaboration of the relationship between capital and labor. Here, the encyclical repeats the basic ideas of *Rerum novarum*, but develops them further in several respects. It is noteworthy, for example, that the encyclical describes the procurement of places of work as a moral virtue (51). *Quadragesimo anno* also assumes a very critical position vis-à-vis the actual distribution of the social product between capital and labor. There are two ways in which this distribution is to be rendered more just: by increasing the opportunities for the ownership of private property by workers (61), and by the means of a just wage (63 ff.). The just wage is determined by the needs of the workman and his family (70), by the situation of the enterprise

and its capacity to survive (72), as well as by the consideration of the common good (74). It is noteworthy that *Quadragesimo anno* already mentions the possibility of going beyond the individual wage-contract towards kind of a partnership between capital and labor (65).

3. The measures just outlined are certainly practicable roads for introducing justice into labor relations. But they do not represent the ultimate goal. According to *Quadragesimo anno*, this just relationship only can be achieved through means of the "principles of right reason and Christian social philosophy regarding capital, labor and their mutual cooperation" (110). Its realization will come through the establishment of a new social order in which the conflict between capital and labor is eliminated by means of a corporative order (81 ff.). In this society there are no hostile classes of capital and labor, but only different social functions. With this proposal, the Pope seeks to make a contribution that will overcome both the errors of liberal capitalism and of collectivism.

4. There was one confrontation that Pius XI could not but expect. Italian fascism had instituted a "fascist corporative State". Although Pius XI, employing diplomatic language, recognized some positive aspects of this order, he left no doubt that in this system "the State is substituting itself in the place of private initiative" (95), and had thus reduced or even eliminated the responsibility of the social forces.

5. *Quadragesimo anno* therefore holds that the problem of work can no longer be considered in isolation, as something self-contained, but only in connection with far-reaching social reform which will encompass both a structural reform and a reform of the conscience. The structural reform embraces the domains listed in No. 2, but was to find its fulfillment in the guiding idea of the corporative order. Like *Rerum novarum* before it, *Quadragesimo anno* also stressed the importance of spiritual reform. This reform was to be accomplished, above all, by the Catholic associations, especially those of the workers, but also by a general Christianization of the social environment (139).

6. In summary: If we want to understand this first phase of the Catholic social teaching relating to labor, we must keep in mind the two goals it sought to attain. The first was the responsibility and concern for the exploited working class that had come into being in the wake of industrialization. Here, one already could speak of an "option for the poor". The second goal was the battle against two ideologies: on the one side there was liberalism with its economic counterpart of liberal capitalism; on the other there was socialism, which, notwithstanding the different forms

in which it appeared, accepted the class struggle and aimed at the creation of a classless society. The two ideologies were as anti-religious as they were anti-Church, and this undoubtedly was one of the reasons why the Church opposed them both.

That *Rerum novarum* and, even more so, *Quadragesimo anno* called both for appropriate state intervention and the self-organization of labor was by no means new, because at that time both already existed in most of the industrialized countries. But it is essential that the social documents of the Church formulated the decisive ethical principles for the solution of the labor question: the principle of the dignity of the worker as a person; the application of the principles of subsidiarity and solidarity as the coresponsibility of the social forces for the solution of social problems; finally, the principle of the common good, which obliges not only the authority of the State, but also the individual citizens and the social forces as well.

In this early phase, the Church was assigned a special task in the solution of the labor question. Although Leo XIII was in favor of social intervention by the State and self-help by the workers, he was profoundly convinced that the decisive force in the solution of the labor question would have to be the reform of the conscience and the reform of both attitudes and institutions in the Christian spirit. But, forty years later, Pius XI could not but note that this reform had not been achieved. Class society had erupted with full force, and both liberal capitalism and Marxist collectivism had grown into potent menaces for the world.

Faced with this critical situation, Pius XI thought that with the idea of the corporative order, he could offer a solution that had its roots in the tradition of Christian social thinking and represented an alternative to the two existing systems: liberal capitalism and collectivism. But there was one thing that was equally clear to him: the model of his proposed corporative order could be put into practice only if it was possible to accomplish a general reform of mentality: this was to be done by means of an intensive organization of the Catholic workers and of employers' associations, as well as a generalized "Christianization of the environment". There can be no doubt that the Christian associations and the Christian trade unions made considerable contributions to the improvement of the situation of the workers and the overcoming of the class struggle. But they did not and could not create the conditions for the new corporative order.

II. ON THE WAY TO A "CULTURE OF LABOR"

(John XXIII, Vatican II, Paul VI, John Paul II)

While the first period of the Catholic social doctrine concerning labor was relatively uniform and concentrated, above all, on overcoming class society and the exploitation of human labor, the second phase turned out to be extremely complex and dynamic. Rather than commenting the individual social documents, it seems more appropriate to highlight the central themes that seek to realize what Catholic social teaching itself designates as a "culture of labor". By way of introduction, it may be useful to indicate some of the essential elements of the changes which characterize the transition from the first to the second period. I shall do this once again by referring to the documents of Catholic social teaching. Let me remind you once more, however, that the Church was never concerned with putting forward an exhaustive scientific analysis, but rather some focal points which assume a particular importance for the "culture of labor".

Milestones of change

The far-reaching changes in the economic and social orders that took place subsequent to the publication of *Quadragesimo anno*, had a profound impact upon the Church's social teaching on labor. The various documents of Catholic social teaching stress the following factors:

1. *Economic and technical progress:*

The encyclical *Mater et magistra*, published in 1961, drew attention to economic and technological innovations, and in this connection mentions the discovery of atomic power, the growth of the chemical industry, and the spread of automatisation and worldwide communication (47). *Laborem exercens* subsequently speaks of the "great changes in civilization, from the beginning of the 'industrial era' to the successive phases of development through new technologies, such as the electronics and the microprocessor technology in recent years" (5). In the industrial countries, this caused a massive increase of productivity and a certain well-being of the masses (*Mater et magistra*, 48).

An essential part of this scientific and technical progress is represented by the internationalization of the markets. Although several social documents expressed substantial reserve about the concrete shape assumed by world trade (*Sollicitudo rei socialis*, 48; *Centesimus annus*, 58), Catholic social teaching is fully convinced that the present unity of the human race "demands the establishment of greater international cooperation in the economic field" (*Gaudium et spes*, 85).

2. *Social and political change:*

Here, too, *Mater et magistra* was the first of the social documents to draw attention to the ever greater social interdependence that was taking place in the industrialized countries of the West. The extension of state social policy and free access to education had led to growing democratization and to the gradual elimination of the class structure (61). Its place had been taken by a pluralism of group interests in rivalry with each other (48). But we certainly must not overlook the fact that this development went hand in hand with a growing depersonalization and a loss of solidarity.

Even though the class society of the 30s had changed, one may not deny that labor had not yet taken the place it should have in society. There still exists the danger of treating work as a special kind of "merchandise" (*Laborem exercens*, 7). This is the result of two forms of materialistic economisms. On the one hand, even in present-day capitalism, there are attitudes and practices that consider labor as nothing more than a factor of production, so that "the error of early capitalism can be repeated" (*Laborem exercens*, 7). On the other side, we have Marxist collectivism, which likewise degrades work into an object.

When we think of the collapse of this system in 1989, "it cannot be forgotten that the fundamental crisis of systems claiming to express the rule and indeed the dictatorship of the working class began with the great upheavals which took place in Poland in the name of solidarity. It was the throng of working people which forswore the ideology which presumed to speak in their name" (*Centesimus annus*, 23).

3. *Spiritual and religious change:*

It is striking how closely Catholic social teaching associates the change and future of labor with the spiritual and religious dimension. *Centesimus annus* admits quite openly that, as far as the industrialized countries are concerned, "for about a century the workers' movement had fallen in part under the dominance of Marxism" (26). This period witnessed a massive alienation from the Church by the working class. But here too, Catholic social teaching sees a far-reaching change. Its magnitude largely will be determined by the extent to which the Church and her social teaching will make themselves heard in favor of the concerns of workers, and the extent to which she will succeed in developing something like a theology and a spirituality of labor.

Elements of a "Culture of Labor"

John Paul II speaks repeatedly of the need to substitute the class struggle of yesterday with a culture of labor (*Centesimus annus*, 15). This culture of labor is realizable so far as economic and technical conditions are concerned, and it is a necessary aspect of social and political culture if we successfully are to face the challenges of the 21st century. Like every other culture, the culture of labor is made up of several elements, which the Church's social teaching subdivides into four dimensions: namely, the personal dimension, the economic dimension, the social dimension, and the spiritual and cultural dimension.

1. The personal dimension of work

We shall succeed in fully understanding the statements of Catholic social doctrine on labor only if we see them from the viewpoint of the fundamental personal dimension. As John Paul II puts it in his encyclical on human work, "At the beginning of man's work is the mystery of creation. This affirmation, already indicated as my starting point, is the guiding thread of this document" (*Laborem exercens*, 12). Man stands in the very midst of this mystery of creation as "God's project" with a twofold mission: self-realization, and the further development of the creation. Taken together, these tasks speak to us as a personal mission to work and to collaborate in God's design.

This mission constitutes the dignity of man, "because through work man not only transforms nature, adapting it to his own needs, but he also achieves fulfillment as a human being and, indeed in a sense, becomes 'more a human being'" (*Laborem exercens*, 9). It follows that man at work must never be treated as a mere object or merchandise, but as a person. Consequently, the worker must be accorded precedence over all material factors of the economy. That is why *Rerum novarum* already condemned the then-existing conditions as a fate little better than slavery for the industrial worker (2). Similarly, the Second Vatican Council stated: "Human labor which is expended in the production and exchange of goods, or in the performance of economic services is superior to the other elements of economic life. For the latter have only the nature of tools" (*Gaudium et spes*, 67). *Laborem exercens* underscores this statement as follows: "The only chance there seems to be for radically overcoming this error ... is the conviction of the primacy of the person over things, and of human labor over capital as a whole collection of means of production" (13).

This personal dimension of work, "which is part of the abiding heritage of the Church's teaching, must always be emphasized with reference to the

question of the labor system and with regard to the whole socio-economic system" (*Laborem exercens*, 12). One must therefore take a critical view of a labor system "when it is organized so as to ensure maximum returns and profits with no concern whether the worker, through his own labor, grows or diminishes as a person" (*Centesimus annus*, 41).

What Catholic social teaching has to say about the personal dimension of labor and the primacy of labor over capital has been followed by polemical discussions which continue up to the present. In large part, these polemics stem from the mistaken idea that Catholic social teaching fails to recognize the importance of capital, and therefore represents some kind of utopian viewpoint. That this is not the case will be made clear by the discussion of the next dimension of labor. The ultimate concern of Catholic social teaching, particularly as it has been explicated by John Paul II, is to place the ethico-religious value of personal labor at the very center of the economic order and the problem of work. On this level, human labor belongs to a higher order and takes precedence over the purely material factors of the economy. This personal dimension must therefore enter as a constitutive element into every concrete labor system and economic order. "The social order and its development must unceasingly work to the benefit of the human person ... and not contrariwise" (*Gaudium et spes*, 26). This principle "must constitute the adequate and fundamental criterion for shaping the whole economy" (*Laborem exercens*, 17).

2. *The economic dimension of work*

Although the personal dimension of labor stands at the very center of all Catholic social teaching, it always has been seen in connection with the other factors, especially the economic ones. Thus arises the need for "reproposing in new ways the question of human work" (*Laborem exercens*, 5).

This brings us face to face with the basic question of the economic system in which the labor is being done. *Quadragesimo anno* already points out that the Church has no competence in "technical matters" (41). Vatican II tells us that the Church, by virtue of her mission, is bound "to no particular form of human culture, nor to any political, economic or social system" (*Gaudium et spes*, 42). But, Catholic social teaching does confront each and every economic system with the critical question of whether it corresponds to the image of man that the Church represents, and a social order that is consistent with this image of personhood. This critical question was posed again and again in the different historical periods, and it can be summarized in the following way.

The collectivistic, centrally dominated economic system is condemned

from *Rerum novarum* right through to *Centesimus annus*, because it is contrary both to the dignity of the human person and to the nature of a free society. An economic system in which one side contributes the capital and the other the labor as such is "not to be condemned" (*Quadragesimo anno*, 101). But the decisive question is how these two factors are related to each other, and how the economy as a whole fulfills its tasks in regard to the common good.

Centesimus annus marks a certain conclusion in this long discussion by proposing and explicating the criteria essential to an ethically justifiable economic system: firstly, private property which the encyclical stresses, "has a social function ... based on the law of common purpose of goods" (30); secondly, free labor, which should enjoy co-responsibility and participation (32, 35); thirdly, the importance of economic initiative and entrepreneurship is noted (32); fourthly, the encyclical acknowledges the legitimacy of profit, which it recognizes "is a regulator of the life of a business", but cautions "is not the only one" (35); fifthly, "to guarantee that the basic needs of the whole society are satisfied" the encyclical insists that the market and the economic process must be "appropriately controlled by the forces of society and by the state" (35). *Laborem exercens* as well as *Centesimus annus* add the responsibility for continental and global common good.

This short summary does not reproduce the development of Catholic social teaching in this field in all its details, but merely seeks to demonstrate that in its statements on human labor, the social teachings do not overlook the economic dimension.

Even though these statements about the economic system are of a general nature, they are of decisive importance for labor. Basing itself on the personal and economic dimension of labor, Catholic social teaching formulates a number of specific problems and tasks connected with labor:

Firstly, *the right to work*. When the Church's social teaching speaks of a right to work (*Pacem in terris*, 18; *Gaudium et spes*, 67; *Laborem exercens*, 67, etc.), it always relies on two insights as its starting point. In an economy based on the division of labor, work always forms part of a particular economic system and a particular economic process. Therefore, it is dependent on the factual laws of this system and codetermined by them (*Centesimus annus*, 32). For this reason there cannot be a patent and universally valid solution for the realization of the right to work. Secondly, precisely because work contains an essentially personal dimension, which means that it represents a mission and an obligation for self-realization, the social forces and the State are duty-bound to create the conditions in which the individual can realize his right as well as his duty to work. It is for this

reason that *Laborem exercens* appeals so insistently to the “indirect employer” to take every kind of initiative to make it possible for the right and duty to work to be implemented (18).

That is also the reason why the documents of Catholic social teaching describe unemployment as a “dreadful scourge” (*Quadragesimo anno*, 74), as a “nightmare” (*Centesimus annus*, 15), especially when young people are involved (*Laborem exercens*, 18). As far as John Paul II is concerned, the disconcerting fact that “there are huge numbers of people who are unemployed or underemployed” while conspicuous natural resources remain unused, and while countless multitudes of people suffer from hunger, demonstrates “without any doubt... that both within the individual political communities and in their relationships on the continental and world level there is something wrong with the organization of work and employment, precisely at the most critical and socially most important points” (*Laborem exercens*, 18). In *Centesimus annus*, John Paul II further observes that “a society in which this right is systematically denied, in which economic policies do not allow workers to reach satisfactory levels of employment, cannot be justified from an ethical point of view, nor can that society attain social peace” (43). It is quite obvious that this statement leaves open a whole series of questions, especially the question as to the ways and means by which the right to work can be realized in a complex economy and in a democratic manner. But this is the very point where the gauntlet, as it were, is thrown down to the social sciences.

Secondly, *a just wage*. The problem of the just wage constitutes a central theme of the economic dimension of labor in the Catholic social teaching. John Paul II describes the question of just remuneration as the “key problem of social ethics”, and as the “concrete means of verifying the justice of the whole socioeconomic system” (*Laborem exercens*, 19). Once again, the treatment of this matter in the social teachings hardly has been static. Thus, *Rerum novarum* speaks quite generally of a wage that would enable a worker “to maintain his wife and children in reasonable comfort” (35). Similarly, *Quadragesimo anno* stresses that the wages received by a workman should be sufficient “for the support of himself and his family” (71). But the same encyclical adds that wherever this is not possible under the given circumstances, “special provisions” should be provided in order to do justice to the families. *Quadragesimo anno* further mentions the state of business and its capacity of survival as factors to be considered in arriving at a just wage. The relation of wage rates to the common good also makes an appearance in *Quadragesimo anno*’s discussion. Thus, the encyclical contains

the noteworthy phrase: "All are aware that a scale of wages too low, no less than a scale excessively high causes unemployment" (74).

Mater et magistra repeats the essential propositions of *Quadragesimo anno*, but adds two new aspects: For determining the just remuneration, account should be taken of "first of all the contribution of individuals to the economic effort" (71). Moreover, one should think not just of the common good of a nation, but rather of the common good of the entire world economy (71). *Laborem exercens* further specifies the previous statements of the Church's teachings: a just wage must be sufficient "for establishing and properly maintaining a family and for providing security for its future" (19). Such remuneration can be given either through what is called a family wage, that is, an income sufficient for the needs of the family, or through other social measures (19). In this connection, *Laborem exercens* stresses that "it will redound to the credit of society" to make it possible for a mother not to work outside the home on account of economic need, though it later notes that "in many societies women work in nearly every sector of life" and warns that they should not be discriminated against. *Laborem exercens* also expressly mentions that "various social benefits intended to ensure the life and health of workers and their families play a part besides wages" (19).

Thirdly, *access to private property*. Although the Church in her social teaching holds that an economic system in which the economic process receives capital from one side and labor from the other is "not in itself to be condemned", and therefore describes the wage contract as basically permissible from an ethical point of view, she has always been convinced that the participation of labor in property and capital was highly desirable. *Rerum novarum* already mentions this possibility and necessity (4, 17, 35). Likewise, *Quadragesimo anno* expresses the conviction that "at least in future, only a fair share of the fruits of production be permitted to accumulate in the hands of the wealthy and that an ample sufficiency be supplied to the workingmen" (61), and this not by any means solely in the form of a just wage for consumption, but also in the form of economic property.

Although *Mater et magistra* notes that income due to professional qualification has come to be of increasing importance, it nevertheless stresses that labor should achieve property, precisely in view of the relationship that property ownership bears to personal freedom (112): "Today, more than heretofore, widespread private ownership should prevail" (115). *Laborem exercens* repeatedly stresses the primacy of labor over capital, and John Paul II is convinced that this primacy must express

itself in a reform of the property system, specifically mentioning "proposals for joint ownership of the means of work, sharing by the workers in the management and/or profit of businesses, so called shareholding by labor, etc." (*Laborem exercens*, 14).

3. *The social dimension of work*

According to Catholic social teaching, a "culture of labor" comprises not only the undoubtedly important personal and economic dimensions of labor, but also its essential social dimension. *Mater et magistra* stresses that "with the growth of the economy, there occurs a corresponding social development" (73). John Paul II speaks of a characteristic element that distinguishes work in a special manner: the fact "that it first and foremost unites people" (*Laborem exercens*, 20). In other words, work both can and is called upon to serve as the basis for unity and community amongst people.

This statement is one of the most difficult in the corpus of Catholic social teaching, and it must not be understood in a romantic or utopian sense, particularly when one considers the history of the social question. Undoubtedly, there were also labor problems in the society of peasants and artisans: poverty, exploitation, lack of rights, etc. As the Church's teaching understands the matter, however, the social question in the proper sense started with the separation of capital and labor, and the class society that resulted therefrom. How this social question presented itself in the first phase of Catholic social teaching, and the kinds of solutions that were proposed, have been described in the first part of this paper. What now particularly concerns us are the elements for the social culture of labor in the second period.

In this second phase, we have to bear in mind that, at least in the industrialized countries of the West, the ideology of the class struggle is no longer held even by the working population. *Pacem in terris* describes the economic and social ascent of the working class as the most important progress (40). Efforts now are being made to solve the problems of labor in a democratic manner. The Church's social teaching cannot but take this state of affairs as its starting point, and it is on this basis that the Church formulates the elements for a social culture of labor.

Social partnership. Even though the primacy of labor over the material factor of capital is strongly stressed on the personal and ethical level, it is just as clear that within the production process, capital constitutes the necessary condition to enable people to find work. "In general the latter

process demonstrates that labor and what we are accustomed to call capital are intermingled; it shows that they are inseparably linked" (*Laborem exercens*, 13). Nevertheless, it is not at all difficult to foresee that there will be tensions and conflict between the two interest groups: though these may no longer be characterized in terms of a class struggle, they could yet represent very real conflicts of interest. In this second phase, Catholic social teaching no longer relies on the corporative order that *Quadragesimo anno* put forward as a model or means of resolving this conflict, but rather bases itself on the previously mentioned conviction that labor unites people, that it "builds a community" (*Laborem exercens*, 20), that it leads to social partnership (*Mater et magistra*, 97).

Therefore, in their second phase, the social teachings formulate the postulate that "a labor system can be right, in the sense of being in conformity with the very essence of the issue, and in the sense of being intrinsically true and morally legitimate if in its very basis it overcomes the opposition between labor and capital" (*Laborem exercens*, 13). But, Catholic social teaching cannot determine what this labor system should be like in concrete terms. In this connection, *Laborem exercens* refers to the many "proposals" made by experts and by the Magisterium of the Church: they concern "joint ownership of the means of work, sharing by the workers in the management and/or profits of businesses, so called shareholding by labor, etc." (14). But even the further statements made by *Laborem exercens* about this matter remain porous. "A way towards that goal could be found by associating labor with the ownership of capital, as far as possible, and by producing a wide range of intermediate bodies with economic, social and cultural purposes; they would be bodies enjoying real autonomy with regard to the public powers, pursuing their specific aims in honest collaboration with each other and in subordination to the demands of the common good" (14).

The Organization of labor. That social partnership is not a utopian goal follows from the statements that Catholic social teaching makes about the organization of labor. Even though the class struggle situation in the Western industrialized countries has undergone very substantial changes since the days of *Rerum novarum* and *Quadragesimo anno*, we must not overlook the fact that "defense of the existential interests of workers" (*Laborem exercens*, 20) still represents an essential task of a "culture of labor". That is why the Second Vatican Council speaks of the fundamental human right that workers have of freely setting up unions which can genuinely represent them (*Gaudium et spes*, 68). They are "a mouthpiece for the struggle for social justice" (*Laborem exercens*, 20) and "even if in controversial questions the

struggle takes on a character of opposition towards others", this is not done "in order to eliminate the opponent but for the good of 'social justice'" (*ibid.*). In such cases there may well be difficult negotiations and at times even conflicts, but in the end, people always will try to come to an agreement. In this respect the unions are "a positive factor of the social order" and "an essential element of social life" (*ibid.*).

The social ecology of labor. Catholic social teaching is convinced that, in a world of high-speed technological progress and globalization of markets, human work cannot but be subject to far-reaching changes the full effects of which are not yet clear. Consequently, the Church has no patent solutions to offer, even though it is fully convinced that what really matters in this far-reaching process of change is to arrive at a "culture of labor worthy of man by taking due account of the personal, economic and social dimension of labor".

In this connection, John Paul II makes use of the term "social ecology of work" (*Centesimus annus*, 38). This term imports the following: modern society is strongly determined by a tendency towards individualization and privatization. This is quite understandable and in some respects, it represents a positive trend. Nevertheless, the challenges of modern society, both at the national and international level, call for strong solidarity. This solidarity will have to be rooted in human relationships that exist within and across various social levels. According to the Church's social teaching, the humanization of labor presents an important basis for building solidarity because "labor unites people" and "builds community" (*Laborem exercens*, 20).

For this reason "a business cannot be considered only as a 'society of capital goods'; it is also a 'society of persons'" (*Centesimus annus*, 43). One must therefore assume a critical attitude vis-à-vis a society in which the forms of social organization, be it in production or consumption, make it difficult to bring about authentic interhuman solidarity.

In this connection, it is noteworthy that Catholic social teaching expressly speaks of the relationship between the organization of labor and the family. It is convinced that the overcoming of the individualistic mentality calls for "a concrete commitment to solidarity and charity" and that this begins in the family (*Centesimus annus*, 49). Thus, for example, a culture of labor should express itself by arranging working hours in such a way as not to hinder the family from fulfilling its task (*Laborem exercens*, 19). "The true advancement of women requires that labor should be structured in such a way that women do not have to pay for their advancement by abandoning what is specific to them and at the expense of the family" (*Laborem exercens*, 19).

Centesimus annus pointedly observes that the Marxist solution failed because it perverted the rights of labor and thus destroyed the solidarity founded on work (*Centesimus annus*, 23). It is an urgent task to renew this solidarity, because it is badly needed by society as a whole. There is need for "specific networks of solidarity" to prevent "society from becoming an anonymous and impersonal mass". A possible and necessary component of these networks of solidarity is the "culture of labor". It is more than just state and market, and is ultimately based upon the "subjective character of society" (*Centesimus annus*, 49). Here we have the decisive challenge of the present-day world, a challenge that calls for a great deal of creativity.

4. *The intellectual and spiritual dimension of the "culture of labor"*

It is impressive to note the extent to which Catholic social teaching associates the culture of labor with intellectual and spiritual meaning. Indeed, in the first phase, this association was so strong that it served as the source both for ethical motivation as well as the corporative social order.

In its second phase, however, Catholic social teaching tended to concentrate on the effort to elaborate a "Gospel of labor" (*Laborem exercens*, 6). This undertaking proceeds from the insight that the order of the creation destines man to collaborate in a responsible manner in his self-realization and in the completion of creation itself (*Laborem exercens*, 9). That is why the real dignity of work is based not so much on what it effectively has achieved, but rather on "its subjective dimension" (*Laborem exercens*, 9). From this dignity of work there follow the rights of labor, but also the obligation of labor (*Laborem exercens*, 16).

This "Gospel of labor" opens work to a spiritual interpretation, which leads to the formation of a "spirituality of labor" (*Laborem exercens*, 24). This spirituality is based on three truths. Firstly, the "awareness of human work as a sharing in the activity of the Creator" (*Populorum progressio*, 27 f.; *Laborem exercens*, 26), which implies both creativity and responsibility. Secondly, it draws from the example of Christ, who was not only the "carpenter's son", but in his message compared the activities of men with the characteristics of the Kingdom of God. Thirdly, through the interpretation of work as suffering, this spirituality sees labor as an opportunity to share in the Cross of Christ (*Laborem exercens*, 27) in its salvific and redeeming fertility right through to the realization of "the new heaven and the new earth" (*Laborem exercens*, 27).

The decisive feature of these statements of Catholic social teaching is the positive view they present of human work. This "gospel of labor" rests on the hope that work will develop from a fate "little better than slavery" (*Rerum*

novarum, 2) to a "culture of labor" worthy of man (*Centesimus annus*, 15). Like every other culture, however, this "culture of labor" is not an automatic, natural event. The realization of its personal, economic, social and spiritual dimensions calls for the conscious and responsible efforts of man.

III. WORK AND DEVELOPMENT

No review of the statements of the Church's social teachings on labor would be complete without a special section dedicated to the situation of the developing countries. Although many of the statements made in Section II (Elements of a "Culture of Labor") also apply to the developing countries, the existing economic social, political and cultural conditions are such as to give rise to special problems and tasks. The following summary will show that this part of Catholic social teaching will have to be supplemented and enlarged in several respects.

It can be understood readily that Catholic social teaching did not offer a special treatment of the developing countries in its first phase, because its message primarily was addressed to the industrialized countries of the West. But with *Mater et magistra* and the Second Vatican Council, a second phase begins in which the developing countries assume a growing importance in Catholic social teaching. The following summary purposely is limited to statements concerning the order of human labor. They can be summarized in two key concepts: namely, the misery of underdevelopment, and the challenges and tasks.

1. *The misery of underdevelopment*

The encyclical *Laborem exercens* realistically notes that there exist grave injustices in the "living and working conditions" at the world level, and that these are "much more extensive than those which in the last century stimulated unity between workers for particular solidarity in the working world" (8). This injustice expresses itself first of all in the fact that unemployment and underemployment have assumed alarming proportions in the developing countries (*Sollicitudo rei socialis*, 18). This situation also exists in countries "whose economies are still purely agrarian" (*Populorum progressio*, 9). It has to be added that "great masses of workers, in not a few nations, and even in whole continents, receive too small a return from their labor. Hence, they and their families must live in conditions completely out of accord with human dignity" (*Mater et magistra*, 68).

The causes of this misery are extremely complex, and are at least partly to be found in the developing countries themselves. Funds given for the

creation of employment possibilities were misused for personal enrichment, invested abroad, or employed for irrational rearmament. The social encyclicals also speak of a lack of freedom, of cruel rivalries between tribes, and very substantial backwardness in the field of education.

But the greatest responsibility and guilt for the misery of underdevelopment and its effects on labor rests with the industrialized countries. This is not primarily due to the lack of good will on the part of individual people, but is rather the result of economic and political mechanisms of the industrial countries. They tend to perpetuate the situation that "the wealth of the rich would increase and the poverty of the poor would remain" (*Sollicitudo rei socialis*, 16). This shows itself, for example, in the disastrous indebtedness of the developing countries, which has assumed dramatic proportions in connection with the mechanisms of the financial markets (*Sollicitudo rei socialis*, 19), as well as in the protectionism and discrimination practiced by the international trade system (*Sollicitudo rei socialis*, 43).

Catholic social teaching does not limit itself to this undoubtedly incomplete economic and political analysis, but speaks about "structures of sin" (*Sollicitudo rei socialis*, 36). Admittedly, these structures are always associated with the concrete deeds of individual people, but they become the source of further sin because they tend to be consolidated into social and economic orders, and thus exert a negative influence on the moral behavior of man (*Sollicitudo rei socialis*, 36). The economic domain behind these structures is dominated by "the all-consuming desire for profit" (*Sollicitudo rei socialis*, 37), which leads to hegemony and imperialism (*Sollicitudo rei socialis*, 39).

Whereas in the industrialized countries of the West, the state and the social partners set a clear limit to this domination, this is as yet far from being done in the developing countries. It is a fact that large enterprises do not lack in social sensitivity in their own country; "why then do they return to the inhuman principles of individualism when they operate in less developed countries?" (*Populorum progressio*, 70).

It has been said already that the Church's social documents do not provide an all-embracing analysis of the problematics of the developing countries. It also has been pointed out that in this very area, Catholic social teaching still needs intensive research. But for the immediate purpose of this summary, it is important to note that according to Catholic social teaching, labor in the developing countries today finds itself face-to-face with an injustice of "far greater proportions" than that encountered by the European working class at the beginning of the industrial revolution.

2. Challenges and tasks

There is a fundamental principle that underlies the whole of Catholic social teaching: "Peace and prosperity, in fact, are goods that belong to the whole human race: it is not possible to enjoy them in a proper and lasting way if they are achieved and maintained at the cost of other peoples and nations, by violating their rights or excluding them from the sources of well-being" (*Centesimus annus*, 27). Therefore, everything has to be done so that "the living standard of the workers in the different societies will less and less show those disturbing differences which are unjust and are apt to provoke even violent reactions" (*Laborem exercens*, 18).

In this connection the Church's social documents speak of a multistage solidarity as a means of gaining control of the difficult problem of work in the developing countries. The first form of solidarity must be called for by the world of labor itself. "In order to achieve social justice in the various parts of the world, in the various countries, and in the relationships between them, there is a need for ever new movements of solidarity of the workers and with the workers" (*Laborem exercens*, 8). Nobody has any illusions how difficult it will be to realize this appeal. The social teachings tell us, among other things, that for reasons of solidarity we shall have to accept a redistribution of both work and income not only at the national, but also at the continental and global level. But there is something else said with the utmost clarity in this statement: this solidarity cannot be forced upon the world of labor; it can be realized and implemented only in coresponsibility "with them".

Another decisive form of solidarity is closely related to the one we have just mentioned. Seen in a long-term perspective, the problem of labor in the developing countries can be solved only if the developing countries and the industrialized countries will jointly undertake "bold transformations, innovations that go deep" (*Populorum progressio*, 32). This is one of the basic themes of *Mater et Magistra* and continues, via *Populorum progressio* and *Sollicitudo rei socialis* right through to *Centesimus annus*. Some proposals are made in this connection, but no patent solutions can be provided. There is a final appeal that *Centesimus annus* formulates in the following words: "The poor ask for the right to share in enjoying material goods and to make good use of their capacity for work, thus creating a world that is more just and prosperous for all" (28).

IV. REFLECTIONS AND QUESTIONS

Catholic social teaching describes labor as a key, and even as the essential key for the solution of the social question (*Laborem exercens*, 3).

The underlying concept here is that the order of labor constitutes a decisive access to the order of society as a whole. In saying this Catholic social teaching finds itself in complete harmony not only with the conviction of experts of the social sciences, but also the lessons of sociopolitical practice.

The previous parts of this presentation tried to give a summary of the efforts made by Catholic social teaching in connection with the order of labor. Two separate periods clearly could be distinguished. The first period was strongly marked by the confidence in the ordering capacity of religion and the Church, be it as an all-embracing renewal of mentalities and institutions in the Christian spirit, or as the offer of the model of a corporative order derived from the Christian social tradition. The social encyclicals of this first period, *Rerum novarum* and *Quadragesimo anno*, undoubtedly made a contribution to the improvement of the "fate little better than slavery" of workers and to the formulation of basic principles for the solution of the labor question. Both encyclicals came up against clear and obvious limits. These limits were set not only by the limited possibilities of reforms in mentality and outlook, but even more importantly by the fact that the concept of a corporative order simply was unrealizable in a growing market economy. These limits were exacerbated by the economic and social dynamics in the second half of the twentieth century. In the industrialized countries of the West, the class society was steadily displaced by a complex and pluralistic welfare society. These welfare-states enjoyed a democratic political structure, but brought with them new forms of marginalisation that had significant repercussions for labor. In addition, the social teachings were confronted with the ever more menacing claims of real socialism in the East, and the challenges posed by the developing countries in the South.

Catholic social teaching thus had to come to terms with a completely new situation. Its dialogue partner was no longer a uniform Christian West, but rather a global world, pluralistic in religion and "Weltanschauung". Ever since *Pacem in terris*, the Church's social documents have been addressed to "all men of good will". The new context could not but bring in its wake an equally pronounced shift in the content of Catholic social thought. In his encyclical *Centesimus annus*, John Paul II speaks of "being underway with mankind". This phrase carries with it the conviction that Catholic social teaching, given its view of man and the concept of society based upon this view, can contribute "principles of reflection, norms of judgment and directives for action" (*Octogesima adveniens*, 4) to the worldwide search for a more human economic and social order and, more particularly, to the problem of the order of labor. The image of a shared journey also means that the Church's contributions will not come in the

form of a monologue, but as the result of an ongoing dialogue with the modern social sciences, and with all the social forces.

In other words, Catholic social teaching is ready to learn from this dialogue. It cannot abandon its "principles of reflection, norms of action and criteria of judgment", but it may well be ready to reformulate them in view of the new circumstances and to give to its "directives of action" a new and more concrete orientation. It has to be stressed once more that this new phase calls for an intensive dialogue with the social sciences, since this represents the special task of the Pontifical Academy of Social Sciences.

All these statements have a direct bearing on the basic theme of this paper: namely, Catholic social teaching and labor. The documents of Catholic social teaching show that labor has a threefold meaning and task: it contributes essentially to the realization of man as a person; it creates social relations and community; it contains and communicates sense and meaning. Let me say it once again: these statements are of a fundamental nature and are derived from the Christian view of man and society. But the Church's social documents do not limit themselves to mere abstract formulation; rather they also attempt to indicate — for various situations — ways and means through which these functions of labor can be realized. This is true from *Rerum novarum* right through to *Centesimus annus*. It has been said already that some of these attempts came up against clear limits and have been the cause for critical reflections within the Church itself.

But this does not exhaust the challenges and tasks. The Church is fully aware that the "future of labor and labor of the future" is facing rapid and deep-going transformations. Therefore, it becomes a duty for Catholic social teaching "being underway with mankind" to observe this transformation with great attention and in collaboration with the social sciences, to reflect about it and to reformulate its contribution to the "culture of labor" of tomorrow. The following, almost telegraphic remarks and questions are not to be understood as resolving this task. They are solely intended to give some idea of the direction in which this search could take place.

1. "*To become more man in and through labor*" — the person-founding function of labor

Given its anthropological premises, Catholic social teaching speaks of a "fundamental right of all men to work" (*Laborem exercens*, 18), a right which at the same time represents an obligation. Although the social encyclicals express full awareness of unpaid labor, they refer primarily to the right to work as means of livelihood, and the denial of this right is described as a "terrible scourge". In this connection the social Magisterium

further stresses that work understood in this manner bears an important — though not exclusive — relationship to the personal realization of the design of God, which is founded on man. It also makes it clear that work forms an essential part of the personal fulfillment of the social obligation anchored in man.

These very short and rather general statements raise a whole series of questions that call for further reflections and answers. A first question: If man's right to (income-producing) work has such a personal importance, what are the instruments at the disposal of the economy and of the society and of the State to give this right a concrete chance of being realized? Are pure market laws sufficient for this purpose or are other and subsidiary forces required? Or can we legitimately accept that economic necessities will cause a considerable percentage of people, though perfectly willing to work, to remain not just temporarily, but permanently excluded from this person-founding function of work? Can there be an ethical justification for this?

A second question follows almost immediately from the first: If technological progress and the interdependence of the markets of the society of tomorrow should substantially reduce the available income-producing work, what conditions would have to be created to make it possible to offer other types of work and activities that will satisfy the requirement of self-realization without exclusively forming part of traditional, income-producing work? How can the material existence of these people be assured, and how can they gain social acceptance?

A third issue: It is generally accepted that an economic growth is by no means necessarily connected with a decrease of unemployment. Similarly, a general conviction exists that unlimited economic growth can no longer be accepted because of ecological reasons, which include our responsibility to the coming generations. These concerns re-raise the question about the role of income-producing labor and about a future society which should not again be divided into classes: the privileged one which has the opportunity to work and the other, relegated to unemployment.

One can ask whether these questions are justified. Certainly they are not exhaustive. They simply follow from the basic requirement of Catholic social teaching: man's right to (income-producing) labor with the aim of personal self-realization and of personal fulfillment of his social obligation. It is not enough for Catholic social teaching to simply repeat this principle. It must try to show which interpretation has to be given to its moral principle in particular economic and social situations. Only on this basis can it make a realistic contribution to a "culture of labor".

2. *Labor unites and founds community* — the society-founding function of labor

There are two reasons why Catholic social teaching places special emphasis on the society-founding function of labor. The first is of a theoretical and theological nature. According to the plan of God's creation, man is a social being. This means that humans not only have the capacity for, but are in need of, social relations with others. These relations are not restricted to the fulfillment of such primary instincts as marriage and family, but also serve other social purposes: economy, state, culture, and religion. Catholic social teaching is well aware that this social dimension has widespread emotional shadings ranging from spontaneous self-sacrifice right through to purely imposed solidarity. Nevertheless, the very multiplicity of these forms and shadings of solidarity is an expression of the social dimension founded in the nature of man. Within this fundamental vision human labor also has a society-founding function.

The second reason is of a historical nature. Leo XIII, and even more strongly Pius XI, were faced with the fact that liberal capitalism had *de facto* divided society into two classes, and that Marxism had elevated this class division and the class struggle into a principle. Right from the beginning, Catholic social teaching opposed both of these social practices and social theories. It insisted on a reform in which capital and labor would not be united in an unrealistic harmony, but collaborate in a responsible partnership. The fact that in its first period, the social teachings relied primarily on the force of a moral and religious renewal and that *Quadragesimo anno* envisaged the solution of a corporative order was conditioned by concrete circumstances. The subsequent social documents opted in favor of dialogue aimed at the realization of a "culture of labor" worthy of man. But even with this partially new approach, Catholic social teaching has by no means exhausted its obligation. It still must formulate a whole series of new questions and challenges, all in close collaboration with the modern social sciences. Some of them can be formulated the following way.

Firstly, that work can unite and should found community is by no means an idiosyncratic bit of social romanticism peculiar to Catholic social teaching. Rather, it is a generally accepted element of modern business management. Earlier entrepreneurial structures with a markedly authoritarian approach are being replaced by delegation of responsibility to teams with a high degree of competence, self-leadership and self-control. That this is often done for reasons of economic efficiency does not in any manner contradict the ethical principle that work unites and should found community.

Secondly, there is a problem that should not be overlooked in this connection. Despite their potential contribution to the formation of community and meaning in the workplace, autonomous teams quite often bring with them the danger of group egoism, and sometimes even ruinous competition. This form of work-organization can lead to conflicts between workers with fulltime employment and workers with marginal employment. This is particularly true in cases of short-time projects which do not guarantee long-term employment. These and other types of modern employment arrangements represent a specific set of problems for the social dimension of labor which pose new challenges for Catholic social teaching.

Closely connected with this set of issues is yet another problem. According to Catholic social teaching, trade unions represent a constitutive element of the modern economy and society. They came into being at a time when the rights of workers had not been secured, and they continue to declare themselves as representatives of the interests and rights of working people.

In the days of the industrial proletariat, union members constituted a clearly recognizable group. In a society in which more than 80 per cent of the active population are dependent workers and employees, the reference to a trade union cohort becomes very complex. There are groups of employees who enjoy special rights and privileges and therefore no longer need the trade unions, and there are marginal groups which hardly can be organized, or whose interests scarcely can be represented. In this connection, one has to mention both the unemployed and immigrant workers. This new context creates significant problems for the formation and maintenance of solidarity at different levels, and represents a new set of challenges.

When Catholic social teaching says that work unites and founds community, it is clearly aware that this social dimension of work cannot be limited to a single enterprise, a single trade union, or a single country. Within the European Union, the world of labor is being faced with tasks that do not have just the social advancement of Europe as their goal, but also constitute a massive challenge for the internal solidarity of European labor. As we approach the third millennium, the solidarity of European labor is required not only for the achievement of continental tasks, but for the realization of global goals.

According to Catholic social teaching, the future of a society worthy of man will depend to a great extent upon the realization of the "culture of labor". In the past, society was divided and fractured by the problems of labor. If according to Catholic social teaching, labor is called to unite and to consolidate society, Catholic social teaching cannot limit itself to a generic statement. Together with the social sciences, it must reflect upon

the new challenges, re-examine its own positions and enter a creative and fruitful dialogue.

3. "*The Gospel of labor*" — the function of labor as grounding purpose and meaning

One can quite easily understand that the modern social sciences are rather hesitant in speaking about the meaning and value of labor. This aspect of work is part of one's personal experience and is open only to a very limited extent to empirical research. In this context, one has to remember the ideology of labor formulated by Marxism, and recall that the ideologization of work by real socialism led to legitimating totalitarianism.

From the start, Catholic social teaching speaks about the meaning and value of labor, which culminates in the "spirituality of labor" explicated in *Laborem exercens*. The social teachings root the spiritual value of labor in God's creative will. In this perspective, labor accepts a threefold mission: the mission of authentic self-realization, the mission to contribute to the order of the society, and the mission to protect the "Garden of God". For many centuries, this theology and spirituality of labor both elucidated and gave forceful meaning to the labor of peasants and artisans. Even though "ora et labora", the ideal of monachism, never became an exclusive value of the Christian people, it nevertheless constituted an important motivation of pre-industrial labor. It is not difficult to understand that in Christian social thinking, this value orientation retained its fundamental importance for industrial labor as well. But this does not exclude fresh thinking on the subject. On the contrary, it is necessary that Catholic social teaching enters a critical reflection about the new challenges which derive from the economic, social, and cultural transformations in regard to the meaning and value attributed to labor. Some thoughts in this regard.

One insight presents itself quite spontaneously. It is said many times that industrial and post-industrial society is characterized by the fact of secularization. This is to say, that the profane domains have lost their link with and legitimation by religion, and have become autonomous substructures. According to the sociologists of religion, this fact applies to a substantial extent also for the world of labor. This does not exclude, of course, that social minorities continue to fully accept this link and connection, but there is no hope for a general resacralization.

It has to be added that labor also is subject to the general, present-day value change. For the industrial countries, this change can be briefly characterized as follows: the average person considers himself to be post-authoritarian, post-solidaristic, post-transcendental and post-materialistic. Put more simply: he is in love with freedom, with himself, with his

terrestrial life, and with the predominant culture. These statements do not represent immutable laws, but rather general trends which make their repercussions felt also in the world of labor, especially in regard to its meaning and value.

This does not mean that labor is now being regarded as nothing more than a necessary evil and a means for finding meaning outside the income-producing work. This may well be the case for some of the people. But, as empirical research has shown, this attitude is very far from being general. For example, modern business management characteristically tends towards organizing work in such a way that it involves both "heart and brain", though hardly for humanitarian reasons, but rather with the aim of achieving economic efficiency.

It is increasingly accepted that the meaning attributed to labor is highly determined by the situation of one's personal life as a whole. Even work with little visible meaning attains value and importance when it makes part of a life history that is characterized by a personal value experience and interpersonal satisfaction. This was equally true in pre-industrial society, but in a society where the traditional labor values gradually are disappearing, this experience is becoming of ever greater importance. In a society in which human dignity is respected, where people are engaged in movements and activities for justice and look for ever new forms of solidarity, there is also a chance that they will find new sense and meaning in labor.

When Catholic social teaching speaks of the sense and meaning of labor, it does not do so as part of an utopian or wishful thinking, or in contrast to social reality. It does so on the basis of its religious and ethical premises, but also out of its responsibility for the humanization of labor. A "culture of labor" in the true sense consists not only in safeguarding material and social rights, but also and to a very substantial extent in the experience of values and meanings. Catholic social teaching feels particularly obliged to mediate and communicate this value experience and finding of meaning.

CONCLUDING REMARKS

This paper has tried to summarize Catholic social teaching on labor in its historical dimension as well as in its essential content. The final part formulated briefly a number of questions and tasks. A concluding word has to be added. All those who have their finger even very lightly on the pulse of the present-day discussion about labor are becoming more and more convinced that the labor of the future and the future of labor will prove to

be "the key, probably the essential key, to the whole social question" (*Laborem exercens*, 3). Catholic social teaching has faced this challenge right from its beginning. It did not limit itself to ethical imperatives, but initiated movements and actions that made considerable contributions to a culture of labor. But, Catholic social teaching today finds itself on the eve of deep-going economic, social, political and cultural transformations which will have a decisive influence on the future of labor. Therefore, the social teachings must engage themselves with the future of labor in a new and much more decisive way. There is no doubt that the Church's standard of research and its knowledge of problems of labor are full of gaps. The Church's contribution to a culture of labor, however, is both necessary and requested. But such a contribution calls for a great deal of factual knowledge, further development of the Church's own social teaching, and a new commitment of the Church as a whole. The Pontifical Academy of Social Sciences is challenged by all of these tasks.

Discussion of Father J. Schasching's paper

MORANDE

I would like to make some remarks on the very accurate and balanced paper of Prof. Schasching about the Catholic social teaching on labor, work and employment. As he states very rightly, the fundamental question is the rise and development of a "work culture", which culminates in a spirituality of work, as is pointed out by *Laborem exercens*. This vision would be a romantic and utopic one if not based on the fact that modern economy, founding itself in the concept of addition of value, recognizes that work plays an essential role in the creation of the wealth of nations. As stated in *Centesimus annus* n. 32 "In our time, in particular, there exists another form of ownership which is becoming no less important than land: the possession of know-how, technology and skill. The wealth of the industrialized nations is based much more on this kind of ownership than on natural resources". And this statement ends: "Whereas at one time the decisive factor of production was the land, and later capital — understood as a total complex of the instruments of production — today the decisive factor is increasingly man himself, that is, his knowledge, especially his scientific knowledge, his capacity for interrelated and compact organization, as well as his ability to perceive the needs of others and to satisfy them".

This statement shows that distinction between employers and employees (in German between "Arbeitnehmer" and "Arbeitgeber") is becoming obsolete, or at least it can only be referred to those who offer simple "work force". The increasing demand for intellectual work, which adds value, over manual work, which is substituted by machinery, emphasizes the fact of a necessary partnership between capital and labor; it also stresses the priority of labor before capital, not only as a moral principle but as an accurate appreciation of a modern economic phenomenon. The intelligence of labor shows up in the creativity of each human person, in the ability to recognize the real needs of people. As is pointed out in *Centesimus annus* (n. 32), just quoted, "Organizing such a productive effort, planning its duration in time, making sure that it corresponds in a positive way to the demand which it must satisfy, and taking the necessary risks: all this too is a source of wealth in today's society".

From this point of view it is difficult, if not arbitrary, to distinguish in present society, as it was before, between those constituting capital and

those constituting labor. Those who form capital are no longer just the owners of a scarce resource which can be used one way or the other, but also those who bring an intellectual resource and are able to recognize which projects can effectively contribute to the satisfaction of real human needs. On the other hand, those who constitute labor are no longer just the owners of a relatively scarce work force which can be used indifferently in any project, but also those bringing entrepreneurial ability, creative technological knowledge, being then aware of the risk that must be run and of the social benefit that could be achieved by work. As *Laborem exercens* points out, the subjective dimension of work is more and more inseparable from its objective social expression, because without creativity and intelligence it is not possible to create value.

From this point of view it is very relevant to have an adequate appreciation of the so-called "informal economy", specially in the Third World. It means not only a daily struggle for survival of those who take part in these activities, but it also reveals the existence of an unsatisfied social demand, suffocated by the excess of social regulations and by high costs of labor in the "formal sector" of the economy. All this draws our attention to the social cost of "social security" systems and to the unequal way in which their benefits are distributed within the population. Recognition of creativity as a basic human virtue is essential for a true "culture of work".

SCHASCHING

I agree with most of the comments made by Mr. Morande, especially on the growing importance of the "knowledge capital" which changes the traditional distinction between capital and labor.

But in spite of this change, the central question is still open: are we approaching a society where a lifelong, full employment in the traditional sense becomes rather an exception? What will be the consequences of this? Will there again be a class society between those who are fortunate to have work and those unemployed? Or do we have to look for solutions where a basic social security is offered to everybody, independent of his personal work? *Laborem exercens* is still convinced that work is an important element for everybody in order to become "more human".

SCHOOYANS

Je voudrais tout d'abord remercier le Père Schasching pour sa magnifique synthèse, qui a révélé sa familiarité avec les manuscrits originaux de plusieurs encycliques sociales. Cette synthèse documentée m'incite à penser que le P. Schasching est peut-être co-rédacteur de certaines déclarations des Papes récents en matière sociale. Particulièrement bien-

venue est la place réservée à la *famille*, comme lieu de solidarité, dans l'enseignement social de l'Eglise.

Après ce trop bref éloge, je voudrais aussi apporter quelques réflexions concernant la doctrine sociale de l'Eglise elle-même. Si on reprend celle-ci dans la perspective historique, on constate qu'elle a été marquée, en un premier temps, par une forte insistance sur la propriété. Or, à partir de *Laborem exercens*, l'accent est mis sur le travail, et plus précisément sur le *travailleur*. Le travail lui-même a fait l'objet de différentes perceptions. Il a d'abord été perçu comme un bien que l'on échange; puis comme une marchandise que l'on *produit*, enfin, avec Jean-Paul II, le travail apparaît comme une *œuvre* typiquement humaine. D'où l'importance croissante accordée, dans l'enseignement social de l'Eglise, au thème du *capital humain*. L'enseignement social de l'Eglise n'est plus seulement "essentialiste": il est désormais profondément ancré dans l'action. Pour faire honneur à sa dignité, qu'il a reçue en partage de Dieu, l'homme est invité à réaliser son œuvre. Il doit le faire dans des contextes différents sur lesquels l'Eglise s'efforce d'apporter un éclairage évangélique.

Ceci dit, il me semble qu'il vaut mieux éviter le terme "*corporate order*" lorsque nous parlons, aujourd'hui, de l'enseignement social de l'Eglise.

Cela, malgré les références à Pie XI, que le P. Schasching a étudiées de près. Ce terme (et les termes apparentés) risque de nous renvoyer à une conception *organiciste* de la société, induisant l'idée que la société humaine est un *corps* composé de *membres* d'inégale dignité, doté de multiples *organes* auxquels correspondent différentes *fonctions*. Il me paraît fort inopportun de réactiver cette terminologie. Si elle était reprise aujourd'hui dans l'enseignement social de l'Eglise, cette terminologie pourrait être sollicitée pour avaliser des conceptions inadmissibles de la "globalisation", de la "mondialisation". Elle renforcerait les résurgences actuelles de darwinisme social prétendant "justifier" naturellement les inégalités et la sélection entre les hommes.

Bref, je pense que nous devons mettre entre parenthèses cette référence au "corporatisme". Il faut éviter de réactiver les thèses inspirées de Darwin ou de Stuart Mill, qui envisageaient une hiérarchie de valeur non seulement entre les *individus* mais entre les *sociétés*. Nous devons plutôt "récupérer" ce qu'il y a de valable dans cette notion en approfondissant le thème de la *solidarité*, que le Père Schasching a souligné, et qui apparaît au premier plan dans les enseignements du Pape Jean-Paul II.

SCHASCHING

I am grateful for the two comments by Fr. Schooyans: the one on the cautious use of the concept of a "corporate order", and the other on the

importance of solidarity. We all know that solidarity has also changed in a time of growing individualisation and privatisation. It is difficult to foresee a renewal of solidarity coming from a spontaneous movement. It will be more realistic to aim at it by a collaboration of different partners, among them the churches.

BONY

J'ai été très intéressé par l'exposé du Père Schasching. Les problèmes du travail intéressent non seulement les pays industrialisés, mais aussi nos pays en voie de développement.

En Côte d'Ivoire, nous faisons quelques expériences. La première concerne les fonds sociaux: l'Etat met à la disposition des jeunes, selon des critères définis, sous forme de prêts remboursables, des sommes leur permettant de créer de petites entreprises dans divers secteurs d'activités. La deuxième consiste à développer, à travers toute la Côte d'Ivoire et dans toutes les couches sociales, la notion de solidarité. Ceci rejoint les vues de l'Eglise catholique qui recommande le partage. De nos jours, un des biens le plus précieux c'est le travail. Pourquoi ne pas partager le travail, sous certaines conditions, avec ceux qui en manquent?

Nous pourrions réfléchir sur ces deux expériences.

SCHASCHING

Mr. Bony mentions correctly the fact that, in some developing countries, there is still a remarkable heritage of solidarity. Let us hope that this precious tradition will not be lost too soon.

ZUBRZYCKI

I am grateful to Father Schasching for his lucid presentation of the Church's social teaching. He spoke in his statement about the social teaching representing the cutting edge of thinking about tremendous issues facing the world today. But I just wonder whether that thinking, as presented by him, really addresses the issue of what I would like to call the distinction between crystallized labour and liquid labour. Marx spoke of something called "die gewonnene Arbeit", the labour which consists of knowledge, of technology, and of course capital, all of which being fruits of previous labour. The other factor of production is liquid labour, or manpower.

Now my concern is, what happens to the relationship between these two factors of production in the transition from industrial to post-industrial societies? Surely crystallized labour, as we all know, increasingly replaces

liquid labour, with unemployment as the consequence. So, these industries, to which reference has already been made, cannot absorb redundant labour, while there is a limit to the amount of re-training, re-structuring that human beings can comfortably accept and manage. Also, the processes of adding value in the course of production to crystallized labour increases the gap between the rewards of capital, or crystallized labour, and liquid labour. Differences in wealth will increase, and the question which concerns me is whether democracy can survive such a change in the process of production and its consequences.

We know already that globalization of the world economy aggravates the consequences to which I have just referred. The speed with which volatile capital can move from country to country, moving production from one country to another, usually from developed to developing countries, and therefore the political consequences for democratic societies become serious, especially in the fully developed countries where in the past labour had constantly increased its value. This phase, however, is ending with the obvious consequences for the trade union movement and other forms of collective expression of liquid labour. So I want to put to Father Schasching the question: how does the Church's social teaching, and especially its stress on solidarity, deal with the trend I have just outlined?

SCHASCHING

Mr. Zubrzycki mentioned again the two central factors influencing deeply the future of work: the technical innovations (crystallized labor) and the globalisation of markets, especially financial markets.

We all know the consequences and problems of these changes for labor. But at the same time we should not overlook their positive aspects. The Catholic social teaching, especially *Centesimus annus*, is certainly not in favor of a return to a closed national economy. But the same Catholic social teaching insists that, in a time of transition, there is a great need of solidarity and collaboration between the social forces, especially capital and labor. Some concrete examples, for instance in Germany, show that such a collaboration is possible and successful.

GLENDON

One of the most interesting parts of Father Schasching's paper was the way he situated the development of Catholic social teaching on labour against the background of long-term social and economic changes. It occurs to me that looking towards the forthcoming celebration of the third millennium, perhaps this Academy could be very helpful in thinking

through two historically novel problems with which all societies are struggling.

The first problem is one that is only lightly touched on in the labour teachings: the relation between family life and the world of work. What is historically unprecedented here, in the developed countries, is the move, in just one generation, of a great proportion of mothers of very young children into the labour force. The state of thinking everywhere is quite primitive concerning how to deal with the loss of unpaid caretakers for children and other dependents.

Secondly, in this decade, for the first time in the history of the human race, the majority of the earth's inhabitants no longer inhabit small farming and fishing villages. That means that the problems of the lack of value placed on work done in the home, of the loss of unpaid caretakers, and of the stress of combining family responsibilities with work outside the home are spreading everywhere.

SCHASCHING

There is no doubt that the place of the family and of the woman is not yet clearly defined in the re-organization of work. The economic dimension is certainly important but cannot be the only one. The social and cultural dimensions are essential not only for the well-being of the society but in the long run for the economy as well.

MALINVAUD

Vous attirez particulièrement notre attention sur le défi du développement. Vous écrivez que "cette partie de l'enseignement social catholique devra être complétée et élargie sur tout un nombre de questions". La raison en est qu'il ya dans les pays en développement des problèmes particuliers qui n'ont pas été assez considérés dans cet enseignement. Il s'agit notamment, mais sans doute pas exclusivement, de problèmes auxquels s'applique le diagnostic de l'Eglise selon lequel la plus grande responsabilité revient aux pays industriels. Il importe, je crois, que notre académie ait la préoccupation d'identifier la liste de ces problèmes et de les étudier. Pensez-vous avoir évoqué dans votre texte tous les problèmes qui se trouvent cités dans l'enseignement de l'Eglise, ou devrions-nous passer cet enseignement en revue pour vérifier plus précisément ce qui s'y trouve sur notre sujet pour les pays en développement?

Pensant au défi que vous nous signalez, sachant que par ailleurs on se méfie de plus en plus des analyses et thèses qui traitent le monde en développement d'un bloc, comme s'il était relativement homogène, je me

demande si l'enseignement social de l'Eglise accepte l'idée de distinctions systématiques à l'intérieur de l'ensemble des pays en cause. Si oui, de quelles distinctions s'agit-il?

SCHASCHING

We have in the Catholic social teaching two encyclicals dealing with the problems of the developing countries: *Populorum progressio* and *Sollicitudo rei socialis*. Both contain an ethical challenge for the industrial countries. But I am still convinced that the economic, social and political situation of the developing countries needs further investigation on the side of the Catholic social teaching. Mr. Malinvaud correctly stated that these countries do not represent a unity but are characterized by great differences, especially under a cultural aspect. Therefore, the question of development cannot be solved first of all by reference to categories of the industrial countries, but only by taking into consideration their cultural background.

SUCHOCKA

How do you see the interpretation of the solidarity principle? We can all agree here that it is the main principle of the Catholic social teaching. But I wonder how we ought to really understand it in relation to the right to work, especially in developing countries and in post-communist countries. As you explained, *Laborem exercens* was influenced by the situation in communist states. But after several years, the situation has much changed there. Now we can observe in some post-communist countries that, under the very popular slogan "Solidarity", society is organized around the past communist leaders, not around the new values we would like to bring. So, maybe one of the most important issues is to redefine the solidarity principle for the context of post-communist countries.

SCHASCHING

Mrs. Suchocka mentioned the limits of solidarity in the post-communist countries. I think we should seriously reflect on this statement. In communist countries solidarity had been imposed by the only existing political party and the totalitarian state. But solidarity as a moral force cannot be imposed; it has to grow from within the society. Pope John Paul II said that it is impossible to practise solidarity on the level of the national and international life if it is not experienced before on the level of the family, the neighborhood, the enterprises and the social communities. I could imagine that, in the post-communist countries, the reconstruction of this social basis will take time.

UTZ

Je voudrais seulement attirer l'attention sur un problème que la doctrine sociale n'a pas encore touché: l'Eglise défend la liberté de formation. Mais quand les jeunes gens ont leur diplôme, ils ne trouvent pas toujours d'emploi. De ce fait, il y a un lien entre la liberté de formation et l'organisation de l'emploi. Un de mes étudiants avait écrit une thèse sur ce problème, il y a vingt ans. Aujourd'hui le problème est devenu urgent, même en Suisse pour les jeunes médecins. Nous devrions y prêter attention.

SCHASCHING

Fr. Utz touched a problem which is of great concern for Western societies as well: there is not only unemployment among the unskilled workers, but in growing numbers also among highly skilled people, especially critical when it concerns the younger generation.

MINNERATH

Vous venez aussi de soulever le problème de la méthodologie que nous allons adopter. Je considère, en effet, que votre magistrale présentation de la doctrine sociale de l'Eglise nous donne l'horizon, les normes. Personne ne met en question la validité de ces normes. L'un des axes de notre travail, c'est la prise en compte de l'horizon normatif qui vient de la doctrine sociale de l'Eglise. Le deuxième axe de notre travail est l'analyse discursive de ce que les sciences sociales disent sur le travail, son environnement économique et juridique. Il nous appartient, par conséquent, de mesurer l'écart qu'il y a entre les réalités que nous analysons et l'horizon normatif.

Maintenant, je pose la question suivante: notre Académie est-elle amenée à aller plus loin que la simple analyse des écarts? Ne doit-elle pas aussi étudier la question du travail et du chômage sous l'angle des actions à entreprendre? Ne sommes-nous pas invités à rechercher au moins une voie d'approche pour contribuer à résoudre la question du chômage? Il faut que surgisse quelque part un mouvement d'espérance et que l'on propose une manière d'aborder ce problème. Par exemple, si nous analysons seulement le fonctionnement du marché et sa capacité à résoudre le problème, nous savons très bien que le marché n'est pas en état d'absorber seul les demandes d'emploi. Il y aura toujours plus de rationalisation, toujours plus de globalisation. Il nous faut, par exemple, étudier le vaste secteur non-concurrentiel des services de proximité, qui peuvent être multipliés, et dans lesquels peuvent éventuellement être développés un nombre important de postes de travail. Je pense également au tiers monde, vers lequel on exporte le modèle de développement du marché à haute technologie, alors qu'il a besoin d'un modèle à haute intensité de travail humain.

Donc, je pose la question: notre Académie doit-elle aller au-delà de la simple analyse, ne doit-elle pas aller jusqu'à faire des propositions? Comment aborder la question du travail avec le souci de sortir de l'ornière où nous sommes?

SCHASCHING

My answer is very brief: I think the Pontifical Academy of Social Sciences should not only insist on the ethical norms but should at the same time try to contribute to concrete solutions.

SCHAMBECK

Ich kann konkret anschließen an Kollegen Minnerath, und Herrn Professor Schasching zu einem Punkt seines Referates ansprechen: Sie haben bei der Darstellung der Entwicklung der katholischen Soziallehre und im Hinblick auf Problemstellungen der Gegenwart auf jenen Punkt von "*Quadragesimo anno*" Bezug genommen, in dem Papst Pius XI. auf die berufständische bzw. leistungsgemeinschaftliche Ordnung zu sprechen gekommen ist, weil er damals, 1931 geglaubt hat, mit der Integrationskraft des einen Berufs die Interessen der Arbeitsgeber- und Arbeitnehmerseiten ausgleichen und die organisierte Form eines Berufsstandes schaffen zu können.

Es ist ganz wichtig, daß wir den außereuropäischen Staaten die Erfahrung von uns vermitteln und zwar konkret. Aus der Sicht Österreichs können wir sagen, daß zwar die unterschiedliche Organisationsform von Arbeitgeber- und Arbeitnehmerverbänden erhalten geblieben ist — also die Situation, die Papst Pius XI. wollte, ist nicht eingetreten — aber, und das möchte ich unterstreichen, es sind quasi-ständische Effekte dadurch entstanden, daß nach 1945 in Österreich, ohne im Verfassungsrecht konkret vorgeschrieben zu sein, auf freiwilliger Basis die Arbeitgeber- und Arbeitnehmergroßverbände der Landwirtschaft, der Industrie, sowie der Arbeiter und Angestellten in der Weise miteinander kooperieren, daß sie in Form sozialer Partnerschaft, die ihnen verfassungsrechtlich getrennt eingeräumten Rechte zur Interessenvertretung freiwillig gemeinsam ausüben.

Wir haben so in Österreich die Idee Papst Pius XI. in anderer Form ausgeführt und so zum inneren Frieden beigetragen. Der konkrete Fall, der sich in diesen Tagen in Österreich ereignet, nämlich das Zustandekommen eines zweijährigen Finanzrahmens — nämlich für die Jahre 96 und 97 — in dem wir in der Regierung und mit den Parteien gemeinsam mit den Sozialpartnern auf freiwilliger Basis hier einen Interessenausgleich und damit eine gemeinwohlgerechte Lösung über die ideologischen Grenzen zustandegebracht haben, zeigen erneut den Wert dieser Sozialpartnerschaft.

Diese Sozialpartnerschaft hat in Österreich sehr zum sozialen Frieden beigetragen. Man kann also sehen, daß das partnerschaftliche Prinzip, das ja auch immer wieder in den Enzykliken Papst Johannes Paul II. verdeutlicht wird, seine Bedeutung auch Jahrzehnte nach "*Quadragesimo anno*" nicht verloren hat. Es gibt das partnerschaftliche Prinzip zwar nicht in der Form gemeinsamer Organisationen in einer berufsständischen Form, aber in einem aufeinander abgestimmten Miteinander an Vertretung und Ausgleich beruflicher Interessen, die eine Form von quasi-ständischen Effekten zur Folge haben, wodurch sich im Wirtschafts- und Sozialleben doch das berufsständische Prinzip in Österreich in einer bestimmten Weise zeigt.

Nach der jeweiligen Situation in den einzelnen Staaten und auch in ihrer Entwicklung wäre es günstig, wenn wir das sozialpartnerschaftliche Prinzip auch den Ländern der neuen Demokratien in Mittel- und Osteuropa sowie auch in der Dritten Welt vermitteln, weil wir damit in Österreich in den letzten mehr als vier Jahrzehnten gute Erfahrungen gemacht haben. Wir haben uns in Österreich viel an Volksvermögen erspart und Streiks verhindert. Wir haben auch in der Verwaltung mit sozialpartnerschaftlich besetzten Beiräten wertvolle Erfahrungen gemacht, auch ihre Bedeutung für das Zustandekommen von Kollektiverträgen sei ebenfalls erwähnt. Auf diese Weise zeigt sich bei uns in Österreich einmal wieder die Bedeutung der Empfehlungen der katholischen Soziallehre für das öffentliche Leben.

SCHASCHING

Mr. Schambeck mentioned the example of social partnership existing in Austria between capital and labor. Although this system is quite different from a "corporate order", it shows that social partnership is possible.

RAMIREZ

I appreciate your observation that, since 80% of the people are in developing countries, we ought to study the cultures of these countries in relation to work. Indeed, at this time of globalization, a westernized global culture impinges itself in people's lives. This affects the quality of life. A sense of total well-being rooted in sound human relationships, rooted in community, is replaced by a merely materialistic philosophy devoid of morals and spirituality. I would like to challenge the Academy to study and understand in general the holistic, non-dualistic values and world-view of developing countries to the working of the market economy, in a way that the global economy could benefit the lives of many more.

SCHASCHING

I fully agree with the intervention of Mrs. Ramirez.

WORK ACROSS THE WORLD: SOME BASIC FEATURES

JUAN J. LLACH

The purpose of this presentation is to demonstrate the variability of the labour force growth, of employment structures, and of the unemployment levels across the world, and to suggest some hypotheses that could explain these variations.

The hypotheses. The main hypothesis is that even when the level of economic development (GDP per capita or GDPpc) appears as a crucial determinant of the observed differences in labour force size and growth, and of employment structures, cultural factors like religion, family and government also play a very important role.

This role is played in different and sometimes contradictory ways. In the case of the supply of labour, it seems clear that those countries whose religion or culture give a central role to family and natality will tend to show lower female participation rates in the labour force, and higher labour force growth rates. In contrast, growth in labor force participation tends to be diminished by such typical forms of governmental intervention as the creation of pension systems or the extension of opportunities for formal education. Indeed, we will see that the form of governmental intervention influences not only the demand for labour, but the structures of employment.

The typology of countries. To elucidate these different sources of variability, a typology of countries (Annex 1)¹ was constructed in such a

¹ Enormous economic contrasts appear among the different cohorts. The first two cohorts, Low Income Africa and Low Income Asia, comprise 32.2% of the world population (WP) but have only 3.1% of the World Gross Product (WGP). The immediately following cohorts, 3 to 6, comprise respectively 37.7% of WP and 9.4% of the WGP; they include Low Income Former Socialist countries, Emerging Asia, Low Income Latin America and the Middle East, Turkey and North Africa. Considered together, these six country cohorts have 69.9% of the WP but only

way that economically and culturally homogeneous types of countries were obtained. Although very important differences remain among countries of the same type, they are clearly less intense than those observed among countries belonging to different types.

A. THE SUPPLY OF LABOUR

The growth rate of the labour force can be defined as the estimated increase in the supply of labour over a period of time. This rate is determined by demographic factors — not explicitly considered here — and by the participation rates in the labour force.

1. *Labour Force Growth* (Table 1). Although poor countries have higher labour force growth rates than rich countries, no linear relationship exists between economic development and work force growth. As the example of the Oil Exporters (Table I, cohort 14) clearly demonstrates, however, high immigration rates qualify this observation. Culture also can exert a significant impact on labour force growth rates, as one can observe in the comparatively high rates of growth in Latin America, Middle Income Africa and other countries with strong Muslim influence (Table I, cohort groups 6 and 14).² Cultural influences also explain the very low rates of growth in the Middle Income Former Socialist countries.³

Shifting our attention to a comparison of the historical rates of labour force growth in the period 1965-1995 with the projected rates of 1995-2005, a drop in growth can be observed across most of the cohorts. Noteworthy exceptions are Low Income African and Asian countries (still in the demographic transition stage, but also with Muslim influence), the

12.5% of the WGP. Cohorts 7 to 11 can be considered as the world middle class because they have 13.6% of the WP and 11.2% of the WGP; they include Middle Income Former Socialist countries, Middle Income Africa, the Pacific Islands, the Middle Income Caribbean countries, and Middle Income Latin America and Europe. Finally the world's richest countries (cohorts 12 to 16) have only 16.5% of the world population but 76.4% of the WGP, and include Small European countries, High Income Caribbean countries, Oil Exporters, High Income Asia and the OECD countries, plus Israel and excluding Japan.

² It is interesting to point out that in the case of Low Income Asia and Low Income Africa, half of the countries within the cohorts are mainly Muslim. So we have there a typical problem of overdetermination, and it is not possible to learn if the high labor force growth rates and the low female labour participation rates are explained by poverty or rather by their religion.

³ In spite of their history as socialist-bloc states, Muslim countries belonging to the Low Income Former Socialists type also show high labour force growth rates.

Table 1. *Labour force annual growth rate.*

	Labour force annual growth rate	
	1965-1995	1995-2005
1. Low Income Asia <i>n</i> = 11	2.2 11	2.4 11
2. Low Income Africa <i>n</i> = 44	2.5 36	3.1 36
3. Low Income Former Socialists <i>n</i> = 9	2.1 9	... 0
4. Emerging Asia <i>n</i> = 6	2.6 6	1.4 6
5. Low Income Latin America <i>n</i> = 14	2.8 14	2.2 14
6. Middle East, Turkey And North Africa <i>n</i> = 12	3.0 11	3.0 11
7. Middle Income Former Socialists <i>n</i> = 18	1.0 18	0.1 7
8. Pacific Islands <i>n</i> = 16	2.1 1	2.2 1
9. Middle Income Caribbean <i>n</i> = 17	2.0 2	1.3 2
10. Middle Income Africa <i>n</i> = 6	2.6 3	2.0 3
11. Middle Income Latin America and Europe <i>n</i> = 8	2.0 8	1.0 8
12. Small European <i>n</i> = 10	... 0	... 0
13. High Income Caribbean <i>n</i> = 4	1.8 1	0.9 1
14. Oil Exporters <i>n</i> = 8	5.3 5	2.7 5
15. High Income Asia <i>n</i> = 6	2.2 5	0.5 4
16. OECD and Israel excl. Japan <i>n</i> = 21	1.2 19	0.1 18

Middle East, Turkey and North Africa (again probably attributable to cultural factors) and the Pacific Islands (whose projected labour force growth may be due to increased immigration). In the Middle Income Former Socialist and OECD countries, the projected stagnation of labour force growth could promise lower unemployment levels, but be very troublesome for the maintenance of pension systems.

2. *Labour force participation rates: the "U shape"* (Table 2). Female participation in the labour market is the most important, single determinant of general participation rates; hence, general labour force participation rates, and the rates of female work force participation show a similar pattern. Women's participation in the labour force, however, is a complex phenomenon associated with cultural and religious factors, as well as economic ones. Even when female participation is generally considered as being "U shaped" along the process of economic development, with higher rates in the traditional societies and in the most developed ones, we can observe the omnipresent influence of cultural factors (Table 2, third column). Thus, cohorts with significant Muslim (Table 2, cohorts 1, 6 and 14) or Catholic (cohorts 5, 11 and 13) influence, tend to show the lower levels of female participation. On the other hand, socialist or ex-socialist countries show very high female participation rates (types cohorts 3, 7 and also 4).

Male labour force participation also demonstrates an (albeit attenuated) "U shape". The downward zone of the curve can be explained by the gradual spread of pension systems, while the upward zone observed in high income countries could be the result of the gradual increase in the retirement age.

The participation rates of young people (i.e., persons between the ages of 10-19) also demonstrate a certain "U pattern", which is more pronounced in the case of young women. The initial decrease can be explained by the gradual extension of opportunities for formal education, even when this factor is overdetermined by the peculiar culture of Former Socialists, Muslim and Latin American Countries in the central zone of the typology.⁴ The upturn observed in the high GNP zone of the typology is less clear, although it eventually could be explained by a higher incidence of independent households established by young people.

⁴ In other words, we do not know if the lower level of labour activity among females aged 10-19 in the central zone of the typology is due to the medium level of income, or to the strong influence of cultural traditions in Muslim and Catholic countries, and to the massive incorporation of females in this age-group into the educational system in the Former Socialist countries, given the fact that both types of countries are located in the central zone of the typology.

Table 2. *Labour force participation rate.*

	Labour force annual growth rate				
	% 1995	Males 15-64	Females 15-64	Males 10-19	Females 10-19
1. Low Income Asia <i>n</i> = 11	65.1 11	90.3 11	39.3 11	37.2 11	22.5 11
2. Low Income Africa <i>n</i> = 44	70.2 43	89.1 36	51.9 36	45.7 36	29.5 36
3. Low Income Former Socialists <i>n</i> = 9	... 0	79.1 9	59.8 9	14.5 9	12.7 9
4. Emerging Asia <i>n</i> = 6	73.8 6	86.5 6	60.8 6	32.7 6	27.7 6
5. Low Income Latin America <i>n</i> = 14	55.8 14	83.7 14	28.1 14	27.6 14	10.4 14
6. Middle East, Turkey And North Africa <i>n</i> = 12	51.7 11	82.5 11	20.9 11	23.4 11	10.1 11
7. Middle Income Former Socialists <i>n</i> = 18	74.2 10	79.9 18	68.0 18	16.3 18	14.1 18
8. Pacific Islands <i>n</i> = 16	67.8 8	89.0 1	58.0 1	44.0 1	36.0 1
9. Middle Income Caribbean <i>n</i> = 17	67.7 8	89.0 2	57.0 2	22.5 2	12.5 2
10. Middle Income Asia <i>n</i> = 6	64.9 5	79.3 3	39.3 3	24.7 3	14.3 3
11. Middle Income Latin America and Europe <i>n</i> = 8	58.2 8	81.9 8	35.0 8	25.4 8	11.9 8
12. Small European <i>n</i> = 10	67.0 5	... 0	... 0	... 0	... 0
13. High Income Caribbean <i>n</i> = 4	54.1 2	75.0 1	29.0 1	13.0 1	4.0 1
14. Oil Exporters <i>n</i> = 8	60.1 8	86.2 5	14.8 5	20.0 5	3.4 5
15. High Income Asia <i>n</i> = 6	67.0 4	84.1 5	49.8 5	16.6 5	15.4 5
16. OECD and Israel excl. Japan <i>n</i> = 21	69.8 20	85.2 19	53.5 19	23.0 19	19.0 19

B. THE EMPLOYMENT STRUCTURE AND THE LABOUR DEMAND

The employment structure across and within the three classical economic sectors gives some basic evidence about the demand for labour in the economy. Even when these structures are strongly influenced by the level of economic development, it is also possible to find here the influence of unexpected and significant "cultural" factors which are associated with characteristic types of governmental interventions. These cultural factors provide a basis for formulating hypothetical explanations of the differences found among types of countries.

3. *Distribution of the labour force across sectors* (Table 3). The participation of agriculture in the total work force is strongly related with the GNPpc or development level (column 1). This is not surprising, since the increase in agricultural productivity and the resulting urbanization process is virtually a definition of economic growth, i.e., we are referring to a tautology. However, the "premature" urbanization of the labour force observed in both Former Socialist types (Table 3, cohorts 3 and 7) shows that some exceptions, perhaps artificial and costly, are possible. The relatively high proportion of agriculture in Middle Income Africa and Middle Income Latin America, on the other hand, possibly could be explained by a relatively high land endowment.

Another tautological conclusion of Table 3 is that the higher the GNPpc level, the higher the industry and services work force proportion.⁵ What is not obvious, however, is the behaviour of the ratio of service workers to manufacturing workers, which is implicitly shown in the tables. Its positive correlation with the GNPpc is so weak that the exceptions are as important as the rule. Asiatic and Former Socialist countries have a low ratio, while Low Income Africa, Low Income Latin America, the Pacific Islands, and the Caribbean countries show a high ratio of service workers to manufacturing workers. An interesting hypothesis which could explain these exceptions is that, in the "low ratio case", government intervention was applied to create manufacturing employment, whereas in the types where the ratio is high, this intervention took place through the creation of government employment.⁶

4. *Distribution of the labour force within sectors: wage and non-wage employment* (Table 4). As in the previous case with agriculture, a strong

⁵ Because this proportion is the inverse of the participation of agriculture in the work force

⁶ In the case of the Pacific Islands and the Caribbean countries, the explanation lies perhaps in their comparative advantage in the tourism industry.

Table 3. *Distribution of the work force across sectors.*

	Distribution of the work force across sectors (in %)		
	W.F. in agriculture	W.F. in industry	W.F. in services
1. Low Income Asia <i>n</i> = 11	67.3 11	11.7 11	21.1 11
2. Low Income Asia <i>n</i> = 44	71.0 42	8.9 42	20.1 42
3. Low Income Former Socialists <i>n</i> = 9	30.0 9	32.2 9	37.9 9
4. Emerging Asia <i>n</i> = 6	55.0 6	18.2 6	26.8 6
5. Low Income Latin America <i>n</i> = 14	30.3 10	22.1 10	47.6 10
6. Middle East, Turkey And North Africa <i>n</i> = 12	32.7 11	24.2 11	43.1 11
7. Middle Income Former Socialists <i>n</i> = 18	21.0 18	36.8 18	42.3 18
8. Pacific Islands <i>n</i> = 16	18.8 5	22.7 5	58.5 5
9. Middle Income Caribbean <i>n</i> = 17	9.9 3	21.7 3	68.4 3
10. Middle Income Africa <i>n</i> = 6	19.7 5	26.0 5	54.3 5
11. Middle Income Latin America and Europe <i>n</i> = 8	18.1 8	28.0 8	53.9 8
12. Small European <i>n</i> = 10	8.1 2	32.3 2	59.6 2
13. High Income Caribbean <i>n</i> = 4	4.6 2	21.4 2	74.0 2
14. Oil Exporters <i>n</i> = 8	11.3 8	25.6 8	63.1 8
15. High Income Asia <i>n</i> = 6	10.4 5	32.6 5	57.0 5
16. OECD and Israel excl. Japan <i>n</i> = 21	6.1 21	28.9 21	65.0 21

relationship between the level of GNPpc and wage employment exists. While in the first four (low income) cohorts, the average proportion of salaried workers is only 30%, in the four highest income cohorts, that average amounts to 85%. This also can also be considered a tautology since the process of economic development has implied up to now an increasing participation of firms organized around salaried work. The agricultural sector, however, shows a "cultural" exception to that tautology (first column, Table 4). Economic underdevelopment typically is characterized by a high proportion of poor peasants in the work force — and to have a salary is rather a privilege there. Notwithstanding this, the two richest types of countries show a high proportion of independent farmers (not peasants); that phenomenon can be explained by the protection given by the government to the agricultural sector. In manufacturing and services, on the other hand, the relationship between GNPpc and salaried work is almost linear, the main exception being the relatively high proportion of salaried workers in the Former Socialist countries (columns 2 and 3, Table 4).

5. *Employment structure: a synthesis* (Table 5). Contrasts in the employment structure among country cohorts are as striking as their differences in the income level. The most significant is the proportion of independent agricultural workers: 50% of the total labour force are peasants in the poorest countries, while less than 5% are farm workers in the richest countries. On the other hand, while only 22.4% are urban salaried workers in the first four groups, this proportion amounts to 81.4% in the five richest countries. Independent work in the cities, on the contrary, decreases more gradually with the level of economic development as it amounts to 19.7% of the labour force in the four poorest countries, and to 11.7% in the five richest.

C. UNEMPLOYMENT

The analysis of the unemployment rates is more complex than those matters previously discussed. In the first place, these unemployment statistics are less reliable and limited to open urban unemployment.⁷ In the second place, because intense changes in the labour supply arising from changes in the participation rates are nowadays very frequent, even in the short run, the economic meaning of open unemployment rates is not as

⁷ Statistics on underemployment and rural unemployment do not exist or are not internationally homogeneous.

Table 4. *Distribution of the work force within sectors.*

	Distribution of the work force across sectors		
	Share of wage employment in Agriculture (%)	Industry (%)	Services (%)
1. Low Income Asia <i>n</i> = 11	9.1 11	50.0 11	50.3 11
2. Low Income Asia <i>n</i> = 44	15.2 43	48.7 43	44.1 43
3. Low Income Former Socialists <i>n</i> = 9	17.2 9	77.6 9	75.8 9
4. Emerging Asia <i>n</i> = 6	8.9 6	62.2 6	52.2 6
5. Low Income Latin America <i>n</i> = 14	38.7 14	67.1 14	62.5 14
6. Middle East, Turkey And North Africa <i>n</i> = 12	24.5 11	73.9 11	70.2 11
7. Middle Income Former Socialists <i>n</i> = 18	30.1 18	88.4 18	87.7 18
8. Pacific Islands <i>n</i> = 16	22.8 8	79.6 8	78.4 8
9. Middle Income Caribbean <i>n</i> = 17	55.9 8	81.8 8	78.1 8
10. Middle Income Africa <i>n</i> = 6	43.5 5	78.4 5	74.4 5
11. Middle Income Latin America and Europe <i>n</i> = 8	38.6 8	77.9 8	70.7 8
12. Small European <i>n</i> = 10	36.7 4	92.6 4	92.2 4
13. High Income Caribbean <i>n</i> = 4	58.6 2	86.9 2	87.4 2
14. Oil Exporters <i>n</i> = 8	63.6 8	92.8 8	89.6 8
15. High Income Asia <i>n</i> = 6	29.7 5	88.0 5	77.2 5
16. OECD and Israel excl. Japan <i>n</i> = 21	33.9 21	89.2 21	86.5 21

Table 5. *Distribution of the work force.*

	Distribution of the work force					
	Agriculture (%)		Industry (%)		Services (%)	
	Wage	Non-Wage	Wage	Non-Wage	Wage	Non-Wage
1. Low Income Asia <i>n</i> = 11	7.0 4	49.3 4	8.2 4	8.7 4	14.1 4	12.8 4
2. Low Income Africa <i>n</i> = 44	9.7 12	51.9 12	6.1 12	3.5 12	14.9 12	13.9 12
3. Low Income Former Socialists <i>n</i> = 9	... 0	... 0	... 0	... 0	... 0	... 0
4. Emerging Asia <i>n</i> = 6	5.9 4	49.8 4	8.8 4	6.7 4	15.1 4	13.7 4
5. Low Income Latin America <i>n</i> = 14	10.1 10	20.2 10	15.8 10	6.4 10	29.4 10	18.1 10
6. Middle East, Turkey And North Africa <i>n</i> = 12	4.9 6	26.1 6	19.9 6	6.7 6	30.1 6	12.3 6
7. Middle Income Former Socialists <i>n</i> = 18	11.5 6	19.2 6	21.1 6	1.4 6	44.2 6	2.6 6
8. Pacific Islands <i>n</i> = 16	1.4 4	8.3 4	17.7 4	4.8 4	55.9 4	11.8 4
9. Middle Income Caribbean <i>n</i> = 17	6.6 3	3.3 3	19.4 3	2.4 3	57.7 3	10.7 3
10. Middle Income Africa <i>n</i> = 6	6.9 2	6.0 2	13.3 2	2.3 2	60.2 2	11.4 2
11. Middle Income Latin America and Europe <i>n</i> = 8	6.6 8	11.5 8	21.9 8	6.2 8	38.0 8	15.8 8
12. Small Europe <i>n</i> = 10	1.5 2	8.0 2	29.5 2	3.7 2	48.4 2	9.0 2
13. High Income Caribbean <i>n</i> = 4	2.7 2	1.9 2	18.9 2	2.5 2	64.9 2	9.2 2
14. Oil Exporters <i>n</i> = 8	2.5 5	1.0 5	31.6 5	1.4 5	58.9 5	4.6 5
15. High Income Asia <i>n</i> = 6	2.2 5	8.8 5	28.7 5	3.8 5	44.2 5	12.2 5
16. OECD and Israel excl. Japan <i>n</i> = 21	1.9 19	4.2 19	24.8 19	2.8 19	57.1 19	9.2 19

evident as in the past.⁸ In the third place, there is no clear relationship between open unemployment and economic development levels. However, the highest levels of unemployment are located in the central zone of the typology. This is understandable when one keeps in mind that, while in the poorest regions, the rural-urban migration process is still absent or just mild, in the intermediate level of the economic development it is at its highest point, and rapid enough to overcome the possibilities of employment creation in the cities. Furthermore, global reforms and processes of "transition to capitalism" are more frequent in the middle income countries, and generally imply an important, although transitory, increase in unemployment.

Beyond this general consideration about "economies in transition", it is possible to obtain further insight from the following, more detailed analysis of unemployment levels.

A. Low unemployment cohorts-types (at or below 6%) and labour flexibility. Low Income Asia, Low Income Africa, Emerging Asia, the Pacific Islands, the Small European countries (only one case), and High Income Asia show the lowest unemployment rates. It is clear enough that Asia has found the mostly unknown recipe to avoid unemployment. Beyond doubt, one of the ingredients is the sort of implicit bargaining that exists inside the firm: high flexibility of labour relationships against lifetime employment. The case of Africa is different and could perhaps be explained by the fact that in the poorest countries, to be unemployed is a luxury most find impossible to afford.

B. Middle unemployment types (6% to 12%): high labour costs or strong rigidities plus economic stagnation or systemic transitions. Belonging to this group are both Latin American cohorts, both Former Socialists cohorts, and the OECD. High labour costs and strong labour rigidities, both inside within the firm and within the labour markets as a whole, are very widespread in these countries, and appear as a very probable explanation of the high unemployment level. In Latin America and the Former Socialist countries, the combination of those rigidities with global economic reforms have resulted in a dangerous mix. In the OECD countries, the dangerous combination is one of high labour costs, labour rigidities and low economic growth.

⁸ An increase in the unemployment rate arising after a sudden increase in the participation rates has not the same social or economic meaning that an increase explained by a drop in labour demand has.

C. *High unemployment types (more than 12%)*. Middle and High Income Caribbean countries, the Middle East, Turkey and North Africa and Middle Income Africa show the highest unemployment rates.

D. *Successful cases*. In a world characterized by high unemployment rates, it is very important to analyze the successful stories. These not only include the noteworthy case of Asia, but also some "deviant" cases in cohorts with high or medium unemployment averages. Such is the situation observed in some OECD countries like the United States (5.8%), which has a very flexible labour market, and Austria (4.6%) and Switzerland (3.8%), both of which have interesting schemes of social agreements. In Latin America, Costa Rica (5.5%) and Chile (5%) deserve special attention concerning their social policies in general.⁹ In turn, Estonia (2.6%), Latvia (5.3%), Lithuania (1.4%) and the Czech Republic (3.1%) have performed the "transition to capitalism" with almost no costs in terms of unemployment.¹⁰

D. EPILOGUE

The purpose of this presentation was not to attain conclusions, but simply to describe some basic features of human work across the world. Even at the very general level pictured by these statistics, we can see sharp contrasts with the principles of the social doctrine of the Church. At the same time, however, it is very important to observe the very intense differences exhibited among countries, and to understand the fact that these differences are explained not only by economic determinism, but also by cultural peculiarities and the quality of governments.

⁹ In the case of Chile, however, the low unemployment rate was obtained after performing a deep economic reform, whose initial impact was a huge increase in unemployment lasting almost seven years.

¹⁰ The explanation lies perhaps in the nature of the stabilization programs undertaken in these countries. Some other countries of the Former USSR show low unemployment rates, but these statistics are less reliable.

ANNEX 1 — *Typology of countries***1. Low Income Asia (11)***Avg. GNP per capita (in U\$S):* 369*Total Population (000):* 1,262,981

Afghanistan
 Bangladesh
 Bhutan
 Cambodia
 India
 Laos PDR
 Mongolia
 Myanmar
 Nepal
 Pakistan
 Sri Lanka

2. Low Income Africa (44)*Avg. GNP per capita (in U\$S):* 529*Total Population (000):* 514,536

Angola
 Benin
 Botswana
 Burkina Faso
 Burundi
 Cameroon
 Cape Verde
 Central African Republic
 Chad
 Comoro Islands
 Congo
 Côte d'Ivoire
 Djibouti
 Equatorial Guinea
 Eritrea
 Ethiopia
 Gambia, The
 Ghana
 Guinea

Guinea Bissau
 Kenya
 Lesotho
 Liberia
 Madagascar
 Malawi
 Mali
 Mauritania
 Mozambique
 Namibia
 Niger
 Nigeria
 Rwanda
 São Tomé and Príncipe
 Senegal
 Sierra Leone
 Somalia
 Sudan
 Swaziland
 Tanzania
 Togo
 Uganda
 Zaire
 Zambia
 Zimbabwe

3. Low Income Former Socialist (9)*Avg. GNP per capita (in U\$S):* 647*Total Population (000):* 58,782

Albania
 Armenia
 Azerbaijan
 Bosnia and Herzegovina
 Georgia
 Kyrgyz Republic
 Macedonia FYR
 Tajikistan
 Uzbekistan

4. Emerging Asia (6)*Avg. GNP per capita (in U\$S):* **1,001***Total Population (000):* **1,581,041**

China

Indonesia

Korea Dem. Rep.

Philippines

Thailand

Viet Nam

5. Low Income Latin America (14)*Avg. GNP per capita (in U\$S):* **1,269***Total Population (000):* **137,531**

Bolivia

Colombia

Costa Rica

Cuba

Dominican Republic

Ecuador

El Salvador

Guatemala

Haiti

Honduras

Nicaragua

Panama

Paraguay

Peru

6. Middle East, Turkey and North Africa (12)*Avg GNP per capita (in U\$S):* **1,513***Total Population (000):* **295,171**

Algeria

Egypt Arab Rep.

Iran Islamic Rep.

Iraq

Jordan

Lebanon

Morocco

Syrian Arab Rep.

Tunisia

Turkey

West Bank and Gaza

Yemen Rep.

7. Middle Income Former Socialists (18)*Avg. GNP per capita (in U\$S):* **2,216***Total Population (000):* **357,422**

Belarus

Bulgaria

Croatia

Czech Republic

Estonia

Hungary

Kazakhstan

Latvia

Lithuania

Moldova

Poland

Romania

Russian Federation

Slovak Republic

Slovenia

Turkmenistan

Ukraine

Yugoslavia Fed. Rep.

8. Pacific Islands (16)*Avg. GNP per capita (in U\$S):* **2,963***Total Population (000):* **7,174**

American Samoa

Fiji

French Polynesia

Guam

Kiribati

Macao

Maldives

Marshall Islands

Micronesia Fed. Sts.
 New Caledonia
 Northern Mariana Is.
 Papua New Guinea
 Solomon Islands
 Tonga
 Vanuatu
 Western Samoa

9. Middle Income Caribbean (17)

Avg. GNP per capita (in U\$S): 3,822
Total Population (000): 7,088

Antigua and Barbuda
 Aruba
 Barbados
 Belize
 Dominica
 French Guiana
 Grenada
 Guadeloupe
 Guyana
 Jamaica
 Martinique
 Netherland Antilles
 St. Kitts and Nevis
 St. Lucia
 St. Vincent and the Grenadines
 Suriname
 Trinidad and Tobago

10. Middle Income Africa (6)

Avg GNP per capita (in U\$S): 4,619
Total Population (000): 43,811

Gabon
 Mauritius
 Mayotte
 Reunion
 Seychelles
 South Africa

11. Middle Income Latin America and Europe (8)

Avg. GNP per capita (in U\$S): 4,895
Total Population (000): 334,565

Argentina
 Brazil
 Chile
 Greece
 Mexico
 Portugal
 Uruguay
 Venezuela

12. Small European (10)

Avg. GNP per capita (in U\$S): 7,650
Total Population (000): 1,557

Andorra
 Channel Islands
 Cyprus
 Faeroe Islands
 Gibraltar
 Greenland
 Isle of Man
 Liechtenstein
 Malta
 San Marino

13. High Income Caribbean (4)

Avg. GNP per capita (in U\$S): 9,630
Total Population (000): 4,003

Bahamas, The
 Cayman Islands
 Puerto Rico
 Virgin Islands

14. Oil Exporters (8)*Avg. GNP per capita (in U\$S):* **12,238***Total Population (000):* **28,679**

Bahrain
 Brunei
 Kuwait
 Libya
 Oman
 Qatar
 Saudi Arabia
 United Arab Emirates

15. High Income Asia (6)*Avg. GNP per capita (in U\$S):* **15,890***Total Population (000):* **196,665**

Hong Kong
 Japan
 Korea Rep.
 Malaysia
 Singapore
 Taiwan

16. OECD and Israel excl. Japan (21)*Avg. GNP per capita (in U\$S):* **21,776***Total Population (000):* **673,522**

Australia
 Austria
 Belgium
 Canada
 Denmark
 Finland
 France
 Germany
 Iceland
 Ireland
 Israel
 Italy
 Luxembourg
 Netherlands
 New Zealand
 Norway
 Spain
 Sweden
 Switzerland
 United Kingdom
 United States

Discussion of Prof. J.J. Llach's paper

VYMETALIK

The chief question is whether the problem of unemployment can be solved at all. I am convinced that a solution must exist. Had the people all over the world lived in abundance and had they no longer any need for goods and services, further supply of jobs might be a problem. We all know that such is not the case; the situation is rather the opposite. The solution might be difficult within individual countries or states. As Father Schasching stressed in a lecture in Vienna, action on the world scale will also be necessary. Then we ought to investigate how the subsidiarity principle should apply in order to prevent the danger of new totalitarian tendencies. This would probably require an association of constructive democratic forces, men with high level of responsibility, expertise and experience. The responsibility of Christians should not be kept off this problem.

MALINVAUD

A comment and a question. When looking at your results, I am impressed by the fact that the differences you find are not more systematically ordered. I interpret this fact as arising from the great variability of features concerning work and employment. I was aware of this variability for the Western European countries, which I best know. I see that it is more generally valid. Explaining components of this variability remains a challenge to social sciences.

Is not the list of characteristics you are considering somewhat too restricted? I know that my question is a bit unfair, because it is unfair to request more from someone who has produced a geographically extensive work, with all its difficulties. However, just to stimulate the production of still richer results, I am taking the liberty to suggest that it would be nice to have more in two respects. First, I should like to have, for each of the characteristics you consider, a measure of variability within each of the 16 groups of countries. Second, I would appreciate knowing more about each group than just its population and the average GNP per capita, but also the average values of several other indicators of human development, such as those which were presented by Professor Sabourin at the First Plenary Session.

LLACH

I do agree that much work needs to be added to this, in order to show the variability between countries that belong to the same type and also to include other variables which could be educational variables, so as to have a more complete picture.

I will try, if I have enough time, to incorporate at least some of your suggestions in the final version of the paper. I consider the typology in itself as something for which future work of this Academy could be helpful. Extra indicators and measures of variability could then be helpful.

ZUBRZYCKI

I was puzzled by one finding in Table V, which shows the distribution of the work force into agriculture, industry and services. The services sector interests me in particular, because this is the one which apparently presents the greatest promise for absorbing some unemployment worldwide. Within that sector we have a useful distinction made between wage and non-wage. Now, within the non-wage sector, or a part of the services sector, variability is quite pronounced. For example, looking at the middle-income former socialist countries, I find that only 2.8% of those who are non-wage work in services. Surely, this is the area where the promise is greatest, and, judging from the experience of developing countries, there is some scope for improvement in the unemployment situation. Would you like to comment on that?

LLACH

Well, in general, working in services is seen as something negative in a way, or at least not as positive as working in manufacturing. But, the process of economic development basically means the continuous increase in productivity, and the increase in productivity is much faster in manufacturing than in services. So, naturally, societies in the future, as this table shows, will be more and more service intensive. In my opinion, there is no alternative to such a change in the structure of the distribution of the work force.

ZUBRZYCKI

I may have not made myself clear. My concern was with the non-wage sector, that is to say with "family-centred" business or type of employment. This, I think, is an interesting phenomenon. In services such businesses provide scope for employment of family members and thus for absorbing to a degree the pool of unemployed.

LLACH

I would be tempted to say yes. But I don't have precise arguments to say so. I consider it as an interesting working hypothesis. However, remember that, even in the service industries, a gradual process of modernization occurs. So, growth of salaried work will be more important than that of independent work, even in the services sector.

ZACHER

Professor Llach, allow me to make two remarks. The first one concerns the background of your statistics. There are background differences. For instance, what does the term "work" mean? It is not so clear. Even in the formal wage-sector and in developed countries, "work" first of all implies a formal position. Such a position entitles you to money. "Work" plays a possible part in materializing that formal position. What that precisely means depends on organizational efficiency, the value system, labour law, etc. In some societies, anyone who has access to a formal position called "work", even if it is a very low position, first of all feels entitled to money, perhaps also to prestige, perhaps to fringe benefits or facilities like an office, a telephone and so forth. And what he or she actually contributes to society is, to say the least, secondary. But these are only a few examples which show that extremely different values and cultural contexts underline the term "work".

My second point takes us back to what our colleague, Professor Schasching, said. He told us — and I was very happy about that remark — that the Catholic social doctrine started for the relatively homogeneous Catholic Europe of the late 19th century. Now it has spread all over the world and we see how great the differences are. The methodics and the content of the doctrine must change if it no longer applies to a limited, homogeneous region, but aims to take account of all the different circumstances prevailing throughout the world. But statistics are only one of the challenges that face this doctrine. The many different social and political systems, and the many different cultural and economic conditions do not only pose a great variety of challenges to a social doctrine, but also underscore the necessity of finding adequate, open and complex answers. So I would like to ask Professor Schasching whether he would agree that it is a great task, for our Academy in particular, to find the right approach; stating too forcefully a believed truth would be dangerous when it could not apply to all circumstances.

LLACH

About the first part of your comments, I share with you the concern for the limitations of the statistics I presented, but perhaps not to the same degree. These statistics come from international sources. The expression non-wage means paid work, but executed by self-employed workers on their own account and a small proportion of family workers, the ones that Professor Zubrzycki mentioned. Basically, these statistics are comparable. In the low-income countries, we see a high proportion of non-wage workers; to have a wage there is like a luxury. Limitations of the statistics are perhaps more intense in other aspects, but they are not serious in this non-wage and wage classification.

ZACHER

May I say one word? My problem is not between wage and non-wage work, but within these categories: within! There lie the great, not easily perceived, cultural differences.

SCHASCHING

I would like to summarize what I have said already. There is a certain development in the Catholic social teaching on work. *Rerum novarum* as well as *Quadragesimo anno* have been written under the proposition of a Christian renewal in personal and public life. With *Pacem in terris* the Catholic social teaching addressed all men of good will. This means that the Church stood as one of the moral forces contributing to what Pope John Paul II called "the culture of work". This means at the same time the willingness to collaborate with other religious and social forces, not imposing upon them her own principles and orientations, but offering the Catholic social teaching for a dialogue.

MINNERATH

Je voulais signaler dans la discussion les conclusions des recherches d'un économiste français bien connu qui s'appelle Alain Cotta. Dans un livre récent (*La troisième révolution française*, J.C. Latrès, Paris 1995), il explique que les développements devant lesquels nous nous trouvons, notamment en matière de travail disponible, sont liés aux grands courants de changement culturel, comme l'accès de la femme au travail, dans le Nord de la planète. Il semble dire que la transformation du rôle social de la femme depuis deux cents ans, mais surtout depuis ces quarante dernières années, est le facteur principal des grands bouleversements sociologiques et économiques que nous connaissons. Ce changement serait indirectement à l'origine de la

désintégration de la famille, de la chute de la démographie, de la création de 10 à 15% d'exclus dans nos sociétés et du grand volant du chômage structurel que nous connaissons. Sans évidemment mettre en question tout ce qui se rattache à la libération de la condition féminine, ces remarques nous invitent à ne pas réduire notre approche aux facteurs purement économiques. Les leviers des grands changements sont culturels.

ARCHER

I appreciate this may seem a small, semantic point, but I think it's nevertheless important. Much of the burden of Father Schasching's paper this morning, was talking about the availability of work as necessary for the fulfilment of every human being. This I accept entirely, and it is probably just your formulation that I am questioning. You talk about the entry of women into the labour market as a cultural phenomenon. This fascinates me, and it distresses me, because I don't think anybody would talk about the entry of men into the labour market as a cultural phenomenon. Of course, in both cases, there are cultural factors, education, expectations, local mores. They influence both genders. But, I think there is a very dangerous path to be followed if we see the employment of women as both being quintessential to the fulfilment of half the human beings constituting the human race and regarded instead as culturally variable. But I do appreciate this is probably just a semantic method of formulating the question, and of course there are cultural features involved in it, I wouldn't deny that for a minute.

LLACH

Excuse me. May I add some comments to the comment of Professor Archer? What I said in the paper is that if we look at the statistics of the male participation in the labour force, we can see that countries with some cultural traits in common show a different pattern of female labour participation. That is why I consider, without any additional meaning, that it has a cultural explanation.

ARCHER

If I can just answer, because I was not making an adversarial point, I agree completely that there are cultural facts involved. I simply think it is very important not to slide or glide from saying, "yes, there are cultural factors involved", proposition A, into proposition B, "the employment of women is a purely cultural phenomenon or question". But I don't think you would contest that for a minute.

THE PRESENT AND FUTURE OF WORK

BELISARIO BETANCUR

I. INTRODUCTION: DEFINITIONS

Work is the first of all human rights, if not for its place in the hierarchy of rights, then for its importance as the means by which other rights are realized. Perturbed by the ideas and practices of trade on a global scale, temporarily threatened by new technologies, work begs priority consideration in the international arena.

Globalization has arrived, bringing with it fundamental changes in the concept and distribution of work, as well as reactions which often take the forms of resistance and protectionism. At the same time, a significant change is affecting workers themselves, and because conditions "internal" and "external" to the worker come together in this change, its character must be taken into account.

This text draws from the author's experience, first as the Colombian Labor Minister from 1962 to 1963 and subsequently as the Head of State from 1982 to 1986, as well as from time spent as a professor at numerous universities throughout Latin America. Such experiences have taught the author to think that even if globalization and change are inevitable, the term globalization itself has yet to achieve a clear and satisfactory definition. This definitional failure extends to and muddles all discussions about the contemporary status of work.

Another difficulty rests in the temptation of treating the terms *globalization* and *internationalization* as if they were equals. If one falls into this trap, all attempts at analysis become fruitless. Therefore, one must differentiate: "international" simply refers to activities or analyses beyond the national level, while "global" speaks of a strategy that supposes integration.

II. ASYNCHRONOUS DEVELOPMENT

It follows that globalization is a desideratum, one proposed both in the medium and long-term, whose inevitable exigencies must be fulfilled in keeping with the stage in which the process of development finds itself. The asynchronous development of the world's economies poses a stern challenge to the orderly process of globalization. Developed countries began opening their economies during the last phase of economic integration, which is a stage prior to globalization itself. In contrast, both the developing countries and the "poorest of the poor", the nations of the fourth world, presently find themselves only in the initial stages of integration into the world economy. This asynchronous development does not promote a logical perception of universal planning. Similarly, it obscures a clear-sighted view of the international division of labor under a globalization regime. Of course, the problem of uneven development has repeated itself in each phase of history. For our purposes, it is enough to recall the many places in which feudal systems survived, even as capitalism took root and unfolded in others. In short, whether developed countries like it or not, globalization is proceeding unevenly, and its effects are dislocating not only the traditional structures of work and occupation, but traditional social structures as well. The consequences of these dislocations could become serious. Thus, there are those who would rather pay now, and in cash, the cost of the "externalities" that social adjustment to globalization imposes, to avoid the even greater costs of disorder.

The present age has caused these economic and cultural changes to accelerate, and therefore made it important precisely to identify their varied roles and characteristics. In effect, the computer revolution prefers the labor arena; levels of specialization increase without producing hyper-specialization; training remains valid for less and less time, requiring continued professional development; automation has increased in nearly all phases of the productive process; the growing displacement of workers has been observed through the transference of basic operations to those regions where costs are lower, i.e., salaries, bonuses, insurance, social benefits, etc., under the formula of off-shore value added labor.

III. PRIORITIES

These consequences of globalization are wide-reaching and reveal themselves in matters such as governability, social debt, culture, growth, productivity, in the terms of exchange, and in the structure of employment.

The perception and prevention of the problems that flow from globalization pose stern challenges to the quality of the leadership in those who guide the process. Fundamentally, the world of labor is what must be understood. Economic development cannot ignore its cultural impact. Culture fulfills the human who produces it, changes it, suffers from it, and should benefit from transformations in it.

The foregoing allows one to understand how material labor can exist as intellectual work, and serves as a basis for evaluating priorities in different nations. Today's society has substituted the type of energy used to advance production, and in so doing, has introduced changes in the division of labor and in the manner of its participation. These changes of energy have transformed the concept of manual labor from its previous *status* as a *source of energy* to a lesser and replaceable *value added status*. Intellectual work has not escaped unscathed. Its value or appreciation depends on its proximity to the productive process. Production above all other things is what shapes and steers scientific and technological knowledge, the developments in which in turn, have forced a revolution in educational systems.

IV. MANIFEST DESTINY

With societies in this socio-economic framework, the first international division of labor is observable. It separates those in developed countries who through intellectual work create the means of production, from those in developing nations, who deliver consumer or finished products. In the same way, knowledge produces an immense division of labor in the intellectual arena. Leadership in the "production" of knowledge and technology has a dynamism that both classifies and stratifies societies. At the first level are the developed nations, who "produce" scientific and technological innovations. At the second level stand developing nations whose "knowledge workers" can borrow and adaptively employ the intellectual "products" of the developed nations. At the least developed level are those nations whose workers chiefly apply the borrowed knowledge and mechanically produce the goods which embody it. The impact of knowledge has created a challenge in developing countries to generate behaviors, attitudes and abilities to sustain them in their capacity to borrow the incessant innovations of science and technology. The creation and maintenance of these attitudes express the "manifest destiny" of the globalization of work and production.

However, one must consider some gradations (or nuances) in the process of globalization. The special assignment for Third World countries

in this process, given their geographical locations, continues to be the supply of renewable and non-renewable natural resources, as well as the utilization of basic labor. Once again, the influx of knowledge and technology have introduced important social and cultural changes — in this case, through the introduction of intensive agricultural techniques. A well-known pattern repeats itself here: technology breaks the historically established link between extensive agricultural production and the intensive use of local labor. In other words, innovative techniques of agricultural production are associated with the minimal absorption of rural labor. Thus, economic return is guaranteed by the magnitude of the loss — starkly represented in economic and human terms — of the capacity to employ in this sector of production.

V. THE GOLDEN AGE OF SERVICES

Such phenomena, greater production and less labor, bespeak a golden age for services, reflecting negatively on developing countries and positively on developed countries. Services are associated with greater consumption and more leisure time. In developing countries, services reflect the social distance between those who make up the armies in the battle between the rich and the poor, while in developed societies, they express the objective consolidation of the economic and cultural components of the quality of life. Therefore, a peculiar division has arisen between those who some have characterized as the *consumers of the quality of life* and the *consumers of survival*.

Services generate a cultural transformation produced by the substitution of *idleness* for *free or leisure time*, where “idleness” in underdeveloped countries decomposes into having nothing to do. There are those who affirm that at no time are the poor more aware of their poverty than when they are forced to face “leisure time”.

Leisure has become a consumer good, and a considerable part of modern technology is dedicated to satisfying the demand for it — so much so, in fact, that today the instruments which are associated with leisure and the producers of them absorb an appreciable portion of the so-called basic family spending needs. The Italian Swiss businessman, Orio Giarini, made an in-depth analysis of this in his exposé for the UNU-Wider Conference of Helsinki in June of 1994 for the Club of Rome.

It is often asserted that the comparative advantage of developing countries in the supply of raw materials guarantees their place in the globalization process. This affirmation appears questionable. Progressively,

a disassociation between production and the use of raw materials has occurred. In the United States over the past 25 years, a nearly 80% increase in the production of manufactured goods has been paralleled by a significant reduction both in employment and the consumption of raw materials.

VI. HISTORY'S CABOOSE?

It is well known that a considerable amount of raw materials have lost their importance as being necessary for production, removing them from the poorer nations' inventory of goods for sale. This is particularly true in the area of mineral raw materials. They will not disappear from the market place, only from the global orbit of that market place, retaining a lesser value in the developing countries that still can use them.

The situation becomes more complex if, as stated earlier, one considers the growing impact of electronics, computers, miniaturization, and the rapidly growing practice of recycling, which reduces the need for raw materials, thereby affecting not only the flow of resources toward the underdeveloped, but also the effective placement of labor.

VII. INFORMAL ECONOMY

In Latin America, and in developing countries in general, different structures of labor coexist. In a single place, there may be labor models from the 19th, 20th and 21st centuries operating alongside one another, without the adjustment that allows for confidence in a rapid homogenization that would facilitate a viable policy.

Real unemployment levels are high. Collection and reporting of the data that accurately expresses its full scope is hampered by an interested cosmetic cover-up. In effect, countries in deep poverty register less unemployment than countries with more advanced development, without considering that in those countries unemployment is accompanied by subsidies.

Unemployment has forced an informal economy to form. Unemployment is also the prime cause of the feeling of transience that ends in appropriating and dissolving both culture and social relationships, which results in the further splitting of the bases of social coexistence.

The grand generator of employment that was the State has seen its responsibility shrivel, a development forced along by the process of modernization. Unemployment has also resulted from the increasing

adoption of new technologies by traditional enterprises. The rhythm of economic opening has brought with it the closing of enterprises — large, medium-sized and small — with the consequent growth of unemployment, while automatization and computerization create new declines in the demand for labor.

VIII. MARGINAL LABOR

Something that cannot be forgotten is the loss of the quality of employment. One speaks of employment growth, which is quantitatively certain, but it responds to the loss of quality employment and the appearance of degrading labor positions.

Marginal labor and informal labor tend to be the “assembly halls” of poor societies. The difference between the two is that while informal labor has been able to establish some actual continuity, marginal labor is defined fundamentally by its lack of continuity.

And if the situation of employment structure is serious in developing nations, it is even more so in those regions of the planet that have come to define the contours of a worrisome fourth world. There the objective conditions of under-development in the third world more than meet their match in the contest of misery.

The seeming unattainability of stable work for people on the fringes of society encourages imaginative solutions. An impressive case is that of the co-operative “Recuperar” in Medellín, Colombia, which arose from a combination of ideas and efforts to solve the problem of waste-management in the city. The people who organized the enterprise were the Mayor, some young professionals, and a group of illiterate rag-pickers who lived in the mountain of trash that had formed over the years. In twelve years, this co-operative has become an institution that has created more than 1,000 jobs in recycling plastic waste, and in cleaning and maintaining parks, subway stations and transportation terminals. Its affiliates now can read and write, and their children now attend secondary schools and universities. Their presence in public places is an example of creativity and of overcoming adversity.

IX. IN SEARCH OF HOPE

The society of the future — in which we already live — warns of a new phenomenon, circumscribed within the classification of the north-south conflict. Every “north”, made up of those who live in wealth or in general

comfort, also has its own "south", peopled by those who suffer without any alternative to poverty or unemployment. The appearance of poverty within wealth is one of the great ironies and challenges of the present and the future, which we have seen worsen because of the migrations of contemporary nomads in search of hope.

Even in this world of injustice, the seriousness of a woman's plight is striking. She is highly discriminated against and unprotected, and she constitutes the larger contingent of the poor. Even should a woman find herself in another environment along the social labor scale, she nevertheless faces notorious margins of disadvantage. These disadvantages are evident despite development in advanced societies. Thus, United Nations figures show that women's income has dropped from 71% of a man's salary to only 66%. And even greater discrimination can be established in the labor market, as the concentration of women in the lowest paid sectors of the economy, particularly in value added production, demonstrates.

In Latin America, labor market discrimination against women is even more evident, especially if one takes into consideration that women make up more than half of the population. Working women comprise no more than 27% of the labor force in jobs characterized by low wages and productivity. That does not mean, however, that women are unoccupied. If one distinguishes between "working and laboring", women of the Third World are linked permanently to non-paid domestic work, where they are an element of family continuity. This phenomenon is not exclusive to urban centres. The double occupation of the woman in rural areas is notable, where she must also cultivate the land due to the massive migrations of the men to the city.

In general, the ruling culture of work continues to consider women as residual components, an attitude that extends to the rural areas as well as the cities. For example, illiteracy is greater among women. Low school performance records, repetition of school years, and school-leaving rates are greater among girls than boys. Under-nourishment indexes are higher for females, and stability at the work place, when women can find employment, is conditional and fragile.

Additionally, we may not overlook working children, who suffer the most shameful degradation in the labor structure. Because of conditions of extreme need, they become the cheapest of labor. Their exploitation in the present not only destroys their childhood, but leaves them without assurance of skills and education that would help to secure their future.

X. GLOBALIZATION BOOSTERS

Globalization, then, as a proposal and as a possible utopia, presents itself as a biased project, not only in the structure of labor and its effects on labor itself, but in all fields of endeavor. The new, innovative realities of economic modernization and the removal of barriers to trade have not varied the developing world's situation substantially from yesterday's condition of dependence that has continued during both the period of modern industrialization and the post-cold war era. Of course, the upper levels of society in developed and developing countries qualitatively have improved their lot, but on comparing them, the qualitative gap between the upper levels of the first and third worlds seems greater than ever. It is also true that work levels and quality in jobs of applied technology have improved, conserving here the same growing distance that appears when one compares the worlds one to another.

The dynamic process of science, technology and production that has already designated the devices designed to promote globalization attracts one's attention. Market boosters, cost, government and competition boosters, financial, labor, communications and computer boosters have been put into place. It is supposed that on applying them we will see each society's labor structure advance, bringing with it a growth in the distance between developed and developing nations.

There is already talk, for example, of *market boosters*, such as making per capita income equal among industrialized nations, thereby providing equal levels of life style and taste which would permit the emergence and growth of global supermarket chains, the identification of global customers, and the development of global advertising; of *cost boosters*, such as accelerated, innovative technology, the generation of scaled, flexible economies and robotics to replace cheap labor; of *government boosters*, such as the insistence of consumer societies' insistence on opening economies, the creation of blocks of trade communities, and reduced tariffs; of *competition boosters*, such as the globalization of companies, market penetration via networks, increased trade, and the acquisition and reengineering of companies; of *labor boosters*, such as accelerated and continued training; of *science boosters*, *computer boosters*, and so on.

XI. THE POSSIBLE UTOPIA

Such steps suggest the development of similar "booster" instruments for the countries and economies of the Third World. But please observe the *vade mecum* of these proposals! They go no further than constituting a

timid maintenance plan of the place that the Third World already occupies in the world organization of labor, and of the economy in general.

The World Bank, for example, maintains its objectives of long-term structural adjustment, based on favoring the free circulation of capital, the reduction of production costs, and incentives for exports. These objectives will augment the disparate interchange within the globalization strategy. To that will be added the massive incorporation of new technologies applied to production, especially in services such as telecommunication, the relative reduction of real salary, the management of unemployment (in part through the magnanimity of non-governmental organizations [NGO's]), labor reorganization, and the privatization of state enterprises. Are these the answers? Or would it be wiser to redistribute existing work by reducing the number of hours in each work day and creating more leisure time?

These measures and objectives lead toward the creation of a modernizing, technocratic elite, who will act as the true proponents of globalization. Globalization eventually will prove attractive, though initially it will be devastating for many human beings, groups, and societies. Moreover, some countries will have to carry the burden of social debt for those groups that are prepared only for some limited entry into the global club.

Globalization as a possible utopia is already an imperative, but the perception exists that for it to be less traumatic, we must first seek the grand objective of humanizing *man and mankind*. Here, humanization serves as a filter, a manner of decanting the other instrumental objectives which are pronounced as valid by a liberal market economy, or as some would call it, the *totalitarianism of market economy*, in order to forge a new world with the least possible social cost.

With the third millennium at the threshold, we must decide whether a few or all of us should arrive at the utopia of globalization promises, even though we may be required to partially reduce the accelerated rhythm that many cannot sustain. Perhaps this reduction of accelerated advancement would be the best contemporary version of the parable of the good Samaritan. There is no reference to abandoning the goal, only of thinking more clearly that economic is also the globalization of all that is human, and of the ethic of the ends corresponding to the ethic of the means.

XII. CONCLUSIONS

1. The design of a strategy of globalization must include the active participation of those who can not only remove the obstacles to, but will promote the full participation of, developing countries in the ongoing processes of globalization.

2. An awareness that no economic globalization can exist without a prior, or at least parallel *globalization of all that is human*, should rule all reflections, plans, actions and evaluations. In pontifical language, it remains true: man is the only way possible.

3. Pre-modern forms of economy must be modernized so as to give coherence to a viable model of transition.

4. No economic concept can abruptly enter the reality of the world. We must discern what the rhythm for its application should be, for example, that of the globalization of the Third World. And once defined, we must apply it constantly so as to reduce the social cost. The jumping about from one model to another only increases these social costs.

5. The only way to generate from work the necessary "value added" is to find an agreement between the value added and knowledge. To act on knowledge is to act on work and therefore on income. Knowledge is the key to international co-operation and consolidated action.

6. Continued education is the only way to guarantee the application of a model, and to make way for augmenting the value added through work.

7. The first phase of globalization is education. Education is the *conditio sine qua non* for creating certain development situations. To become producers of science and technology, to take advantage of what already exists, to operate what has been obtained, comprises the triumvirate of strategies necessary to open the gates of the future.

8. The leadership of developing countries must determine their comparative economic advantages to orient the design of the work of the future, and use these advantages as a factor of co-operation and integration in the global purpose. Just imagine, for example, ecology as one of the ordered elements of economic action, work, and international co-operation.

9. All regions and all countries must accelerate their internal processes of integration. To globalize without integration is to segregate.

10. We must assume the burden of the informal economy, accepting that which is positive, such as the expression of capability and initiative. We must make of the informal economy a starting point for the elaboration of an orderly, functional model of an economy of survival and of solidarity, that reduces the impact of the new tendencies, alleviates the social cost, and contributes to rationalizing the rhythm of advancement towards modernization. Herein lies the key to reducing attendant unemployment.

11. Only constant, orderly, planned investment will be able to put a stop to the wave of migrations into developing countries. It is less costly, and far more just, to invest in prevention than to have to assume the costs that will be generated by unwanted migration.

12. The design for a consolidated economy must be based on preferential

application to the family economy as represented by women, a constant factor in the family, in such a way as to allow her to perform her work without negatively affecting her roles as wife and mother. However, we must insist on the urgency of establishing equal opportunity in the work place for all regardless of gender.

13. Defining the promoters for the developing world, in the market place, government, etc., is a task that must be faced by all who support international agencies.

Discussion of Prof. B. Betancur's paper

Professor Betancur was unable to attend the session. His paper was presented by Professor Archer.

The following comments were made after the presentation.

ARROW

This paper favors a position traditional in Latin America and one which has on the whole proved extremely bad policy. Latin America, like India and many other parts of the developing world, has sought to protect domestic interests against foreign trade, particularly by tariffs, the so-called import substitution strategy. The aim is to prevent the forces of globalization from interfering with domestic policy. These countries have all been marked by both extremely slow growth and by great inequality. The beneficiaries tend to be those currently engaged in manufacturing and therefore confers a monopoly on them.

These policies retard growth in productivity, which is the key to any sound policy. In the short run, somebody's higher productivity may cause people to lose jobs and profits. The important point is that increased productivity means that you can get more output with a given labor force, so that people are better off. Thus cheap appliances reduce the labour load on women and also make it easier for them to enter the labour force. One intuition behind the protectionist viewpoint is that there is just so much output to be produced, so that any time you increase productivity you reduce the amount of labour employed. This view is borne out by neither history nor logic. Globalization can have the effects of increasing productivity: greater intercourse with foreign countries permits the transfer of knowledge, and the need to compete on world markets improves efficiency. Compare the history of Korea with that of Ghana. They had the same per capita incomes in 1950. Ghana pursued a very protectionist policy. They tried to exploit their monopoly in cocoa exports; but the cocoa farmers didn't get any benefit and had no great incentive to increase cocoa planting because the government appropriated the surplus. Korea, on the other hand, decided to enter the world markets and face foreign competition. We all know the consequences.

The only advantage of a protectionist policy is that it may lead to a

more stable economy. The price is stagnation and great inequality: the protected countries have much more inequality than advanced economies, unequal as the latter are. It is certainly true that adjusting to new situations works out better if done gradually. The difficulty with such a policy is that it becomes a recipe for keeping the status quo; a protected industry will have the political power to maintain its protection.

I feel therefore that the basic thrusts of Professor Betancur's arguments are not conducive to human dignity, though there are many wise remarks scattered through his paper. They are based on the concept that an elite leadership will tell people what to do and how to adjust. Indeed, all the evidence shows that economic planning is in fact irrelevant to economic development; what happens bears little relation to what is planned. The effects of the planning process are not the intended ones; rather they are negative in requiring a lot of micromanagement of industry by the government. For example, in both India and Latin America, industries which wanted to import capital goods required import licenses. The consequences are fairly obvious. It is most unlikely that the capital goods go to the industries that will make the most efficient use of them.

From the viewpoint of neither human dignity nor economic efficiency is an isolationist protective policy going to work. A modest amount of protection can be defended. Germany in 1830 was a backward country; some of their able economists argued that it had to be protected against the then current version of globalization, that is, British manufactures. There was by modern standards a very modest tariff; by 1880, Germany was competing very successfully in the world economy, not by keeping out of it.

ZUBRZYCKI

I want to put one question to Professor Archer, and add one footnote to the text presented to us today. The question is this: on pages 2 and 3 Professor Betancur talks about the process of adjustment, the lack of synchrony, the lack of symmetry of development, and the resulting cost of social disorder. He does not spell out what the price actually is. I would like to suggest that one ingredient of that particular cost is a loss to social capital, which I would like to define as the quality and intensity of interaction for the sustaining of individuals' rights and dignity. I feel that this is an important ingredient, an important cost of adjustment which somehow, and here I agree with the text, suffers a result of lack of symmetry and lack of synchrony.

My footnote relates to the cost of the crushing burden of loan repayment, and I stick to this because in reading Professor Betancur's

paper, I happened to come across an article in *The Guardian Weekly*, which referred to a recent report by the British Charity Oxfam, describing the crushing burden of loan repayment to the World Bank, citing Zambia as an example. In 1995 Zambia spent \$US26 million on primary education, or one sixth of the level a decade ago. At the same time its obligations to multinational creditors via the World Bank rose three-fold to \$US12 million. So there is the disparity. Indeed Oxfam described this as an Alice in Wonderland situation, I quote, "whereby resources provided to Zambia by the World Bank, through the International Development Authority, were channelled to the IMF in the formal debt repayments".

ARCHER

Certainly, having lived with this text for several months, in both its English version and its Spanish version, I am sure your first point was absolutely in line with what Professor Betancur is arguing, because on page 3 he actually talks about the consequences of unemployment and lists these. After he has gone through his list, (I think I quoted his example of reduced government ability, social debt, effects on culture, growth, productivity, etc ...), he has this rather intriguing phrase about all of these factors having a knock-on effect, reducing what he calls both the capacity and agility for preventing and perceiving, and I think those were exactly the qualities to which you were referring in your first point, so I imagine you would be on the same wavelength here.

MALINVAUD

D'accord avec bien des propositions du texte, je voudrais me permettre de répéter deux d'entre elles, telles que je les comprends; car elles me semblent très importantes pour nos travaux futurs. Les ai-je bien interprétées? Tous les académiciens acceptent-ils ces propositions?

La première proposition que je retiens me paraît très conforme à l'enseignement de l'Eglise, tel qu'il nous a été présenté par le Père Schasching. Elle consiste à dire que les conditions de la mondialisation économique doivent être étudiées en fonction des finalités humaines, en tenant compte de l'impact de cette globalisation sur tous les pays du monde, et avec la participation active de tous les pays. Mais, ainsi que nous l'a rappelé le Père Schasching, ce principe général doit être rendu plus concret. L'Académie ne devrait-elle pas chercher à dégager les éléments objectifs de cette concrétisation, notamment quant aux aspects touchant le travail?

La seconde proposition concerne les modalités de la transition d'un

système économique à un autre. Pour les sociétés et les travailleurs qui les vivent, ces transitions peuvent être plus ou moins compatibles avec la dignité humaine. Cela s'applique aux pays en voie de développement et aux pays en voie de passage du système communiste à un système de marché. Le texte insiste sur cette question dans sa quatrième conclusion. Je me demande, là aussi, si l'Académie ne devrait pas consacrer quelques-unes de ses réflexions futures à l'étude de différents modèles de transition. Après tout, il existe maintenant un ensemble d'expériences vécues dont nous devrions être capables de tirer les conclusions.

INTERNATIONAL MIGRATION, DISTRIBUTION OF WORK AND DEVELOPMENT

JERZY ZUBRZYCKI

INTRODUCTION

This paper will identify and begin to explore some issues that must be taken into account in analyzing the role of international migration in an emerging global labour market. The level of analysis is global and largely concerned with migration and its demographic, economic, political and cultural determinants insofar as the sum of those factors generates movement of labour from South (developing countries, regions) to North (developed, industrialized economies of what is sometimes referred to as the "Western World"). The questions that are being explored range over a number of related areas. Is it possible to measure "migration-pressure" and forecast duration and magnitude of future migration-flows? Does change towards increased development lead to more or less migration? Why does emigration start or take larger proportions in some countries/regions than in others? Who are those first to emigrate? What other options are available or could be made available by development aid?

It must be understood that the analysis that centres on the above-stated questions has significant limitations. In the first place, the analysis is only marginally concerned with capital as the principal ingredient of development. The analysis is not concerned with such vital issues as the evident volatility of capital movements in the free market system and the consequential loss of autonomy in macroeconomic management.

The other limitation follows from the level of analysis which is largely based on comparison between North and South, as if these categories embraced countries of roughly similar level of development. In fact, we know that North must include not only countries under the banner of the OECD but also, for the purpose of this paper, the oil rich countries of the Middle East, the "four tigers" of the Asian Pacific region (Thailand with its

highest per capita growth between 1985 and 1994 (8.2 per cent), South Korea, Singapore and Taiwan), Botswana (6.6 per cent) and Chile (6.2 per cent). Again, within the South category, also referred to as the "Third World", there is enormous variation between the large "depressed areas" of Asia about whose prospects Gunnar Myrdal was so sceptical in *Asian Drama* some thirty years ago — China, India and Indonesia — and countries of Sahel Africa. The former are now enjoying rapid and increasingly market-oriented and outward-looking growth, while in the latter economic growth has been held back by an inadequate political and legal framework.

THE GLOBAL PERSPECTIVE

In 1989, the United Nations reported that some 50 million people, or about 1 per cent of the world population, lived in a country other than the country of origin. Barely six years later the United Nations estimated international migration of all kinds at 125 million.

Refugees in 1993 totalled approximately 18 million as the term 'ethnic cleansing' joined the 20th century lexicon of horrors. Some 85 per cent of that number were located in the developing countries; of the remaining international migrants, some 35 million were in subSaharan Africa, with 13-15 million each in Western Europe and North America. A further 15 million can now be found in Asia and the Middle East, where a few countries (eg. Iran, Iraq and Pakistan) have particularly heavy concentrations of refugees.

In global terms, international migration is on a far smaller scale than rural-urban migration. Yet its impact is out of proportion to the numbers involved. Migration is the visible face of social change. It is a face which is often greeted with apprehension. In the industrialized countries of the North and in many developing countries of the South, immigration has become a political issue. To quote from a recent intergovernmental discussion paper, "Migration is now seen as a priority issue equal in political weight to other major global challenges such as the environment, population growth and economic imbalances between regions".¹ The global nature of these challenges was further highlighted when delegates from 120 nations met for the World Social Summit in Copenhagen in 1995 to discuss ways to reduce poverty that affects 1.3 billion people — a quarter of the world population. Underlying the discussion of poverty were fears of

¹ Organization for Economic Co-operation and Development (OECD), International Conference on Migration, Rome.

uncontrolled migration and environmental degradation as articulated in the keynote address by Prime Minister Rasmussen of Denmark, who called for aid to stem emigration pressure in South: "If you don't help the Third World, then you will have these poor souls in our society ... Europe has now lived through a period where thousands and thousands of refugees are coming from various parts of the world ... ordinary people now recognize the global situation".

The globalization of the international labour market — the central theme of this paper — is itself "the consequence of economic globalization, capital mobility, the activities of international business corporations, and the widespread realization by governments that human resources can be traded for profit like any other resource".²

In general, contemporary international migration can be viewed as one more element in an increasingly complex set of exchanges (trade, technology, capital, cultural) among countries that possess differential power (economic, military, political). This growing interdependence between nations is associated with expansion of the international system; large and growing populations in many countries; growing economic disparities within and between countries; improved communication and transportation systems that permit information, people and goods to flow rapidly between distant territories; trans-national institutions such as corporations, the United Nations and associated agencies (such as the International Organization for Migration with its headquarters in Geneva), churches and a range of smaller social service agencies that employ and transfer employees across nation states; and social networks created through intermarriage and previous mobility patterns that link families and communities together in trans-national support systems.

International migration or the movement of persons from their country of birth or residence includes four major components: the movement of permanent settlers, temporary workers, refugees, and illegal aliens. While permanent settler migration used to be the dominant form of international migration in the nineteenth century and the twentieth century immediately after World War II, currently it provides large numbers of migrants only to the United States, Canada and Australia. Increasingly it is the other three components — temporary, refugee and illegal, including asylum seekers — that introduce large numbers of foreign born population to a variety of receiving countries (see Table 1). While governments have some control

² Salt, J. 1992. "The future of international labour migration". *International Migration Review* 26, No. 4: 1080.

Table 1. *Foreign-born populations in selected countries.*

Country	Year of census	Foreign-born Number (000's)	% of total population
<i>Africa</i>			
Ivory Coast	1975	1477	22.0
Ghana	1970	573	6.6
South Africa	1985	1862	8.0
Zimbabwe	1982	527	7.1
<i>Americas</i>			
Argentina	1980	1912	6.8
Canada	1981	3867	16.2
USA	1990	14080	8.7
Venezuela	1981	1049	7.2
<i>Asia</i>			
Bahrain	1981	112	32.1
Hong Kong	1981	2132	42.8
Israel	1983	1422	42.6
Kuwait	1985	1016	59.9
Malaysia	1980	673	5.2
Saudi Arabia	1974	791	11.8
Singapore	1980	527	21.8
United Arab Emirates	1975	356	81.8
<i>Europe</i>			
Austria	1981	292	3.9
Belgium	1981	879	8.9
France	1982	5002	11.2
Germany	1986	4513	7.4
Netherlands	1986	552	3.8
Sweden	1986	719	8.1
Switzerland	1985	916	14.8
United Kingdom	1981	3390	6.3
<i>Oceania</i>			
Australia	1986	3247	20.9
New Zealand	1981	465	14.6

Source: *International Migration Policies and the Status of Female Migrants*. New York. United Nations, 1995 (ST/ESA/SER.R/126).

over immigration, the increasing volume of all forms of international movement makes control difficult.

Temporary migration incorporates a considerable range of movements, and, it can be argued, is becoming the dominant mode utilized by governments to admit foreigners. Temporary migration includes both migrants admitted for a specific time and purpose (such as work at a specific job), as well as migrants admitted without such restrictions but who have not been granted permanent residency status. Included in this category are the guest worker programs implemented in West Germany, Switzerland, France and other European countries in the 1950's and the 1960's, the *bracero* program under which Mexican workers were admitted to the U.S., the movement in the southern tip of Latin America to Argentina and flows from Colombia and other South American countries to Venezuela. The one region which still attracts temporary migrants comprises the capital-abundant, oil-producing, labour-scarce countries of the Middle East, where workers have been recruited from other Arab countries and from Asia to perform jobs in construction and other sectors of the economy.

The most recent trends in temporary migration suggest that this type of international movement is no longer the dominant pattern, and that we are at a point of change. Temporary movement has been associated in the last two decades specifically with labour migration, but in the mid-1990's it has become clear that the age of great honeypots, like those of Western Europe in the 1960's and early 1970's and the Middle East in the 1970's and early 1980's, is over. In time it is possible that new major centres of attraction will appear, and Japan seems at least one of several such likely receiving countries.³ One thing seems certain: future forms of temporary labour migration of the traditional, low-skilled type will not stop, but will occur in smaller volumes between economies further down the pecking order of international wealth.

The third and most dramatic form of migration is refugee movement. Although a fact of life throughout human history, political recognition of the need for international cooperation and assistance developed after World War I, when the League of Nations appointed Fridtjof Nansen as the first commissioner for refugees. Nansen's untiring efforts secured an orderly resettlement of some 2.2 million White Russians, Armenians, Greek and Bulgarian refugees. Massive refugee movements followed in the 1930's as a result of the Spanish Civil War and, above all, Hitler's persecution of the Jews.

³ Note striking discrepancy between projected population growth and demand for new labour in the industrial sector of Japanese economy (see Table 2).

Table 2. *Population and labour force growth in selected countries of Asia.*

	Average annual growth population, 1980-90 (%)	Projected annual labour force growth, 1990-2000 (%)	Number of projected industrial sector jobs per new entrant to labour force
<i>South Asia</i>			
Bangladesh	2.8	3.6	0.17
India	2.2	2.1	0.42
Pakistan	3.2	3.7	0.35
<i>South East Asia</i>			
Indonesia	3.4	2.4	0.33
Philippines	2.5	2.8	0.22
<i>North East Asia</i>			
Japan	0.6	0.4	3.70
South Korea	1.2	1.8	2.13

Source: Stahl, Charles W. and Reginald T. Appleyard, "International Manpower Flows on Asia: an Overview", *Asian and Pacific Migration Journal*, Vol. 1, No. 3-4: 420-431, 1992.

All of these movements paled into insignificance in comparison with the uprooting of some 20 million Eastern and Central Europeans during and immediately after World War II as a result of flight, expulsion, forced population transfers, and population exchanges. Similar to these European dislocations were the mass transfers involving some 12 million Hindus and Muslims after the partition of India and the creation of Pakistan in 1947, and the repatriation of about 5 million Japanese from the outlying parts of its empire following World War II. International movements of Koreans also occurred within East Asia. They had gone as workers to Manchuria and Japan between 1910 and 1945. Many returned after the war, but there are still substantial Korean minorities in Japan and in the Soviet Union. Later the Korean War precipitated large transfers of refugees and captives between North and South Korea, followed by what the United Nations described as the "most desperate refugee problem" — the mass exodus of the "boat people" from the former Indochina after 1975. Other major refugee movements in the last half century include the exodus of Palestinian Arabs after the first Arab-Israeli war, the expulsion of Asians from Uganda, the flight of the various tribal groups from Afghanistan following Soviet invasion, the people uprooted by war between Iraq and

Table 3. *Principal sources of the world's refugees and asylum seekers, December 1993.*

Afghanistan	3429,000*
Palestinians	2801,000
Mozambique	1332,000*
Former Yugoslavia	131,000**
Burundi	780,000
Liberia	701,000*
Somalia	491,000*
Eritrea	421,000*
Sudan	373,000
Angola	335,000
Vietnam	303,000
Azerbaijan	290,000*
Burma	290,000*
Rwanda	285,000*
Sierra Leone	260,000*
Togo	240,000
Ethiopia	232,000
Tajikistan	153,000*
Georgia	143,000*
Iraq	134,000
China (Tibet)	133,000
Sri Lanka	106,000*
Bhutan	105,000*

* Indicates that sources vary widely in number reported.

** The latest (1995) estimate is 750,000.

Source: *World Refugee Survey, 1994. Washington: US Committee for Refugees, 1994.*

Iran, the situation in the Horn of Africa and in Rwanda, and the dislocation of some 2 million people in the former Yugoslavia⁴ (see Table 3).

Like legal migration, the illegal movement of aliens is a response to factors both at home and at the place of destination. The illegal migrant is faced in his own country with unsatisfactory living conditions, poor job opportunities, or other unfavourable situations which he hopes to correct by emigrating. But, for one reason or another, he cannot legally surmount

⁴ United Nations High Commissioner for Refugees (UNHCR) 1993, *The State of the World's Refugees. The Challenge of Protection*, New York: Penguin Books.

the obstacles set by the "target" country. The estimated magnitude of the phenomenon which affects all countries is quite considerable: 700,000 in the Ivory Coast of Africa, 1.5 million asylum seekers in Western Europe, one to two million "illegals" in Venezuela, three to six million in the United States (see Table 4).

Illegal migration has many insidious aspects. Some governments tolerate their illegals as long as they need their labour — the number of deportations rising and falling with economic prosperity. As W.R. Bohning of the International Labour Organization observed recently: "Yesterday many governments were glad that they came, some even told their police to look the other way and newspapers were full of praise for hardworking foreigners who accepted jobs nobody wanted". But after several years of economic recession, governments and newspapers are looking for "scapegoats". "The phenomenon of irregulars", he concludes, "resembles a yo-yo — you pull them up when you need them and you let them drop when you don't".

Aliens use many devices to get into another country. Some come openly and legally — as short term tourists and students — only then to go underground when their visas officially expire. Some aliens use sham marriage to gain entry, a few are sailors who have jumped ship or stowaways, but the majority merely walk over the border to get from Colombia into Venezuela, or from Mexico into the United States. They do so primarily to fill those slots in the occupation and economic systems — the low wage, low status jobs — that are not being filled by the resident, upwardly mobile population. But this is a precarious state of affairs which raises the major issue concerning this type of migration: the likelihood that mass expulsion may occur if economic conditions or strong political pressures mount against illegal aliens.

This brief survey of the major components in international migration serves to demonstrate one principal feature of the trends outlined above — namely, the extent to which migration policies of sending and receiving countries can be used to strengthen political and economic ties. In turn, decisions on the size and national composition of migrant labour feed into political relations between sending and receiving countries. Receiving countries can choose countries of origin of temporary workers in a "buyers market" to advance political ends. In the Middle East, for example, oil rich states can favour temporary workers from Pakistan or Bangladesh to further Pan-Islamic goals and to reduce dependence on Arab workers from particular political systems (such as Palestinians, Syrians or Egyptians). Alternatively, importing workers from non-Arab, non-Islamic countries (such as Philippines) helps, to some extent, to divorce decisions on

Table 4. *Principal regions and selected countries of asylum, December 1993.*

Region	Country	Numbers	Main sources
Africa		5,825,000	
	Malawi	700,000	Mozambique
	Sudan	633,000	Ethiopia/Eritrea
Middle East		4,924,000	
	Iran	1,995,000	Afghanistan
	Jordan	1,073,000	Palestine
South & Central Asia		2,151,000	
	Pakistan	1,482,000	Afghanistan
East Asia & Pacific		468,000	
	China	296,000	Vietnam
	Thailand	108,000	Burma
	Hong Kong	35,000	Vietnam
Europe		2,614,000	
	Yugoslavia	357,000	Bosnia (Serbia)
	Germany	529,000	Yugoslavia and others
America & Caribbean		273,000	
	USA	150,000	
	Mexico	52,000	
	Canada	20,000	
Total All Regions		16,255,000	

Source: *World Refugee Survey, 1994. Washington: US Committee for Refugees, 1994.*

international manpower sources from other obligations flowing from Arab or Islamic considerations.

The second major conclusion of the survey of major types of international migratory movements is that it has become more difficult to distinguish between economic, political and social explanations of migration. Many of the factors, such as overpopulation in relation to resources, poverty or unemployment, can have direct or indirect linkages to ethnic or political conflicts, which at the same time create refugee flows. Beyond this, one must take into consideration events that directly create

refugees. Even if the distinction is hard to make, the study of the causes of migration must include both individuals who migrate primarily for economic reasons and those who are fleeing from persecution in their homelands, as well as those who combine economic and political reasons.⁵

We should be able to assume that labour migration is relatively easier to predict or influence than refugee flows triggered off by a civil war (e.g. Rwanda) or major ecological disasters. We should, therefore, conclude that the doomsday scenario of a mass exodus is only likely to apply to extreme situations where a sudden and unexpected crisis forces people to escape in search of refuge. This is what happened when the Gulf War forced hundreds of thousands Arab and Asian workers to return home almost overnight, when the tribesmen of Rwanda fled the carnage of the civil war to neighbouring Zaire, and when a single storm and flood in Bangladesh made some two million people to take to their boats and try and find refuge in the Indian states of West Bengal and Orissa.⁶

This brief review suggests that the widening differentials in the levels of economic development and in the standards of political freedom and human rights have not necessarily been the main determinants of recent international migration. As a leading expert on international migration put it:

Persons suffering severe poverty are generally more likely to stay put until near-starvation overtakes and they struggle to move elsewhere probably, as in the case of Africa, to a nearby country not much better off than their own. Such persons, it has been argued, pose no migration threat to countries of the North: distance, inability to finance travel and fear of the unknown combine to prevent them from becoming part of a mass exodus. Greater pressure is expected to come from compatriots in better economic circumstances, or from persons in countries higher up the international per capita GNP ladder, who are ambitious, know where the opportunities exist, can raise the travel costs and, if necessary, will risk arrest in a country of the North knowing that their deportation is unlikely. Persons with these characteristics appear to typify the increasing asylum-seeker and illegal populations in countries of the North.⁷

⁵ For discussion of distinct patterns of refugee migration related to *political* transformation following the break up of former colonial empires, the formation of new states and nation-building in ethnically heterogeneous states, see

⁶ Zolberg, A. *et al.*, *Escape from Violence: Conflict and Refugee Crisis in the Developing World*. New York: Oxford University Press, 1989. Recent examples include Ethiopia, Somalia, Haiti, Yugoslavia and the former USSR.

⁷ R.T. Appleyard, *International Migration: Challenge for the Nineties*. 1991, Geneva: International Organization for Migration, p. 3.

MIGRATION PRESSURE AND DEVELOPMENT

During the past several decades, rapid population growth has been the central development issue for countries of the South. Poverty, which currently affects some 1.3 billion people, has been linked to inadequate carrying capacity of these countries relative to population. Traditionally, the thinking has been that poverty results from limited resources that have to support an increasingly larger population. However, as the United Nations *Human Development Report 1990* (subsequently referred to as *UNDP*)⁸ shows, it is a mistake to reduce the development problem to a mere numbers game. A broader understanding of human development makes it possible to arrive at its integration with the concern about population numbers. The definition of human development provided by the *UNDP* focuses on the people as the real end of the development process. In essence, human development is concerned with enabling people to enjoy long, healthy and creative lives.

When this definition — however general and vague — is applied to countries of the South, certain tangible improvements can be observed in the key indicators of human welfare. For instance, during the three decades of the 1960-1990 period, the population of the South doubled from two to four billion. At the same time, in spite of the doubling of its population size, the South can still claim the following achievements for this period:

- growth in food production exceeded population growth by 20 percent;
- primary health care was extended to 61 per cent of the population;
- safe drinking water extended to 55 per cent;
- infant mortality was halved;
- life expectancy has risen by 34 percent; and
- literacy rates have increased from 43 to 60 per cent.

The Report concludes, however, that although the North-South gap in living standards has been narrowed, the average per capita income in the South is still only about 6 per cent of that in the North. It is this striking disparity which lies at the root of the problem discussed in this paper: the relationship between migration pressure (potential and actual) and development.

The argument of this paper is that the view of migration pressure so dramatically canvassed at the Copenhagen World Summit on Social

⁸ United Nations Development Program, *Human Development Report 1990*, New York: Oxford University Press, 1990.

Development is an oversimplification of the link between population growth, levels of income and migration. Two aspects of this nexus require further elucidation.

In the first place there appears to be no direct relationship between levels of human development and income. For instance, by 1990 Sri Lanka achieved a life expectancy of 71 years and adult literacy of 87 per cent, at a per capita income of \$ 400. In contrast, Brazil managed a life expectancy of only 65 years and adult literacy of 78 per cent in spite of per capita income of \$ 2020. At the same time, Saudi Arabia attained a life expectancy of only 64 years and adult literacy of 55 per cent on a per capita income of \$ 6200.

These facts debunk the view that once rapid economic growth and high level of average income is achieved, benefits trickle down automatically to the masses. It seems that even with limited resources, substantial improvements in quality of life remain achievable. The *UNDP* argues that economic growth accompanied by reasonably equitable distribution of income is generally the most effective path to sustained human development. If income distribution is unequal, and if social expenditures distributed unevenly, human development may not improve much despite rapid rate of GNP growth.

The second issue which deserves further examination is one already touched on in the previous section of this paper, namely, why does migration not arise in situations where there are different factors present that would, other things being equal, lead to migration.

Among the factors usually presented as causes of future international migration are, as already indicated, the issues of over-population, widespread poverty, and the structurally conditioned unemployment in the Third World.

In 1994 the population of the world increased by 97 million and the yearly growth is also expected to increase over the next decades. The world's population is expected to increase from the present (1994) 5.57 billion to 6.25 billion in the year 2000, 8.5 billion in 2025 (see Table 5). The majority of this population increase occurs in the South at the same time as the population of the North is ageing. The expected increase in population is leading to concern about how the increasing population, primarily in Asia and Africa, will be able to support itself on the limited resources that are available. But at the same time, South-North migration has thus far not usually originated in regions with the largest overpopulation and poverty. Rather, international migration has been more prevalent from the more economically developed regions of the South. Philippines, India, China, Sri Lanka are examples of countries that provide substantial flows of international migration. It seems, therefore, that *overpopulation can not be*

Table 5. *Estimated and projected world population by regions, 1970-2025.*

	1970	%	(millions)		2000	%	2025	%
			1990	%				
Africa	362	9.79	642	12.13	867	13.85	1597	18.78
North America	226	6.11	276	5.22	295	4.71	332	3.90
Latin America	286	7.73	448	8.47	538	8.59	757	8.90
Asia & Pacific	2121	57.36	3139	59.32	3743	59.78	4950	58.21
Europe *	703	19.01	787	14.87	818	13.07	867	10.20
Total	3698	100.00	5292	100.00	6261	100.00	8503	100.00
Industrialized ("North")	1049	28.37	1207	22.81	1264	20.19	1353	15.92
Developing ("South")	2649	71.63	4086	77.21	4997	79.81	7150	84.09

* Includes former USSR.

Source: Adapted from *World Population Prospects*, UN Population Division, New York: 1990.

identified as a major, independent or sufficient cause for increased South to North flows.

As shown in Table 2, the labour force of selected Asian countries that can be taken as indicative of the South, is also increasing on average by 2.3 per cent during the 1990's. This is taking place due to a rapid increase of people in the young, working ages and also because more and more women are moving into the workforce. At the same time, growth in GNP does not necessarily lead to creation of a large number of new jobs and often growth is only relevant to a small fraction of the population.

Unemployment in developing countries has structural causes that seem difficult to change in the short run. The global economic relationships between the North and the South with the disadvantageous terms of trade for developing countries appear difficult to influence. At the same time, as has been shown, it is also true that it is not always the unemployed who migrate. It is not the poorest who become migrants but people who have access to some economic resources and often have jobs. Their urge to migrate is dictated by the desire to improve their already favourable situation relative to the rest of the population. Poverty and unemployment in the South seem not to be sufficient reasons to predict strongly increasing South-North migration flows on the eve of the next century. Thus, in

examining economic foundations for modern international migration, we must look beyond the lack of economic development but to the spread of increasingly capital intensive economic development to the Third World population that are linked to the developed world by modern systems of transportation and communication.

The current prognoses of a significant if not dramatic future increase in international migration are often based on population growth and unemployment. This paper has shown that such forecasts must be analyzed critically and carefully. It is not sufficient to merely observe that these factors exist. They must be judged in combination with a number of other factors, regional and local, historical, cultural and political, if we are able to predict international migration or changes in it.

EMPLOYMENT PROSPECTS AND STRUCTURAL ISSUES IN INDUSTRIALIZED NORTH

This paper has argued that in the study of international migration the reality of a global economy, polity and social system must be recognized. Wallerstein⁹ traced the origins of the present world system to the mercantilist period in the seventeenth century. Contemporary economists and sociologists have shown that there is a global labour market in the modern world economy. As the world becomes more interdependent and integrated, factors such as North-South relations, international migration, together with refugee flows and development aid are increasingly dealt with by policy makers as high priority issues that influence international relations and security. For example, in the European Community, closer co-operation within the framework of the EEC countries, economic recession, high levels of unemployment, and a renewed debate about the actual effects of development aid are factors causing governments to introduce harder asylum policies and cuts in the aid spending. In general, several governments of the industrialized North (eg. Canada and United Kingdom) are commissioning investigations into the possibilities of redirecting aid to decrease the urge for people to emigrate from less developed countries. The relations between aid and migration is, however, unclear and most existing studies rest on fairly loose assumptions.

Cuts in aid spending are but one symptom of a disease that grips the industrialized North. It is a disease that eats away first at the social tissue of the working population, and then attacks the blood system of social help.

⁹ Wallerstein, *The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, 1974, New York: Academic Press.

Its destructive energy comes from a powerful dynamic, part greed, part fear, that moves an insecure majority, a fearful business class, and panicky governments, to increasing neglect of what were once seen as their duties.

To call this disease unemployment — there are now more than 20 million unemployed throughout industrialized North — or a consequence of economic liberalization, is to slip back into terminology that narrows and distorts reality. This is not just a matter of people out of work but of a ruinous revolution in behaviour that touches everything from education to marriage. The consequent social problems are enormous and have a bearing on the attitudes to, and treatment of, migrants legal and illegal.

In the traditional immigrant receiving countries — the United States, Canada, Australia, and more recently the oil-rich countries of the Middle East — the social consequences of unemployment are aggravated by a structural feature of the employment system, a feature some scholars have called the dual labour market.¹⁰ Piore, for example, analyzes the United States labour market and argues that imported, largely unskilled labour, can contribute to the creation of a secondary, partially unofficial labour market in industrial societies.

The dual-labour market hypothesis — in its extreme form — presents a model in which the market is divided into a primary sector and a secondary sector. The jobs in the primary sector are largely reserved for the native born. Migrants are found in the secondary sector. There is thus a fundamental dichotomy between the jobs of migrants and the jobs of natives. The role of migrants in industrial economies can be traced to the factors that generate the distinction initially, to the role and function of the secondary sector in which migrants are found, and to the evolution of its labour requirements.

In modern industrial societies, the ageing native populations can no longer satisfy the entire demand for labour even in periods of recession. Many vacant jobs with low status like cleaning jobs and jobs in heavy industry are shunned by younger native born people whose training has predisposed them for better jobs in industry and, increasingly so, in the service sector. There is little doubt that social welfare support has reduced labour mobility and relieved pressure, especially on educated youth, to accept uncongenial jobs. In these circumstances, jobs with low status are filled with labour from the parallel, secondary labour market.

Part of the theory of the secondary labour market is the proposition that it only competes with the primary labour market to a certain extent,

¹⁰ M.J. Piore, *Birds of Passage: Migrant Labour in Industrial Societies*, 1986, Cambridge: Cambridge University Press.

and for this reason, it is assumed to lie in the interests of the employer to support the immigration of labour. This analysis was applied mostly to the immigration experience of the United States (Puerto Rican and Mexican labour) and Western Europe (Turks in Germany, and Algerians in France) in the 1960's and 70's. The lengthy recession and stagflation that followed at the end of the 1970's meant that labour migration largely ceased.¹¹ Despite the shrinking labour market, however, migration and refugee flows to the North increased. Both refugees and other immigrants, especially family members allowed under various reunion programs, have now become competitors for limited job vacancies and shrinking social welfare, and this may have contributed to the increasing xenophobia and unrest in many countries.

The structural impact of immigration must also be seen in the context of internationalization of the labour market. Two points must be noted concerning the flow of capital and the impact on the countries of emigration. Industrial capital flows more and more from the centre to the periphery when capital is scarce but labour is plentiful and cheap. Thus, in less developed countries of the South, industries are established that produce for export to the world markets.¹² In opposition to this, it has been emphasized that the overwhelming portion of industrial production, despite the new international division of labour, still takes place in the centre, i.e. in the developed North.¹³ It is clear, however, that the structural changes in the American and European labour markets have decreased demand for labour in those industries that were filled by immigrants during the 1960's and 70's. At the same time, new economic opportunities created in the South may have contributed to emigration pressure by new groups in the population taking paid employment and changing traditional work structures.

The second consequence of the new international division of labour is its impact on the relative ranking of regions. It has been argued that migration has historically occurred particularly from regions with relatively lower wages (the periphery) to regions with higher wages (the core). Capital strives for profit maximization while labour strives for a successive equalization of global wage differentials, but it is always labour that comes up short. International migration can be a result of trade and financial

¹¹ Portes, A. and J. Walton, *Labor, Class and the International System*, 1981, New York: Academic Press.

¹² F. Probel, *et al.*, *The New International Division of Labour*, Cambridge University Press.

¹³ R. Cohen, *The New Helots: Migrants in the International Division of Labour*, 1987, Gower: Avebury.

contacts between politically and economically unequal units in the world system. But the changes that take place in the global system are only the changing of position and rank by single states. The structure itself of unequally distributed wage zones remains unchanged and this generates potential emigration pressures.

The inequalities in wage levels are also reinforced by structural inequalities of power relations since many regions of the South depend on their development on the North. As argued by some representatives of the dependency school,¹⁴ countries of potential emigration become dependent on more powerful and financially strong countries of immigration. The structural inequalities deepen the difficulties or achieving changes in the emigration countries and give rise to increased emigration from the periphery to the core, a migration that is expanding all the time through social networks.

CONCLUSION

The widening gap in development levels between the South and North, and the resulting inequality of wage levels, present a major challenge to policy makers in the global context. There is overwhelming evidence that the dominant model of modernization within the neoclassical economic theory¹⁵ which saw migration as an essentially positive solution for underdeveloped countries with surplus population is not valid. As Apleyard put it,¹⁶ "There is now general consensus that the South-North predicament cannot, nor ever could be solved through emigration *per se*. The orders of magnitude ... are too large; nor would countries of the North open their gates to all comers ... Even if some western countries decided to increase substantially immigration as one means of arresting demographic decline (and the OECD has warned that this is not so easy a 'solution' as sometimes thought), intakes would certainly be selective (young, skilled workers and their families) and numbers suggested would have no noticeable affect on North-South demographic differentials".

¹⁴ F. Cardoso, E. Faletto, *Dependency and Development in Latin America*, 1979, Berkeley: University of California; A.G. Frank, *Latin American Underdevelopment or Revolution*, 1969, New York: Monthly Review Press; S. Adler, *International Migration and Dependence*, 1977, Hampshire: Saxon House.

¹⁵ Eg. W.A. Lewis, *Economic Development with Unlimited Supplies of Labour*, 1954, Manchester Sch. Econ. Soc. Studies, vol. 22, No. 2; C.P. Kindleberger, *Europe's Postwar Growth: the Role of Labour Supply*, 1967, Cambridge, Mass.: Harvard University Press.

¹⁶ *Op. cit.*, p. 76.

The international division of labour which has emerged in the past half century is certainly far removed from the neoclassical model of a global employment market. In exploring the reality of this situation we must consider two aspects to which reference has already been made in this paper: the relationship between population growth and economic growth, and the myth of international labour mobility as a panacea to development.

On the issue of population growth and its impact on economic growth, the most recent report of the US National Research Council (NRC)¹⁷ retreats very substantially from many previous assessments which concluded that population growth exerted a strong negative impact on development. We now learn that while slower population growth would be beneficial to most developing economies, it is hard to assess how beneficial. Most early assessments emphasized the adverse impact on saving and investment, yet that argument is substantially qualified by the NRC report. Instead, it highlights problems of overconsuming resources where property rights are absent or enforced with considerable cost or difficulty, coupled with the likelihood that recovery from such overconsumption may not be possible.

One crucial, theoretical, aspect of the NRC report needs to be highlighted in a paper concerned with employment policies conducive to the maximization of growth. The report emphasizes individual, community and institutional responses to initial effects of population change, for example, conservation in response to scarcity, substitution of abundant for scarce factors of production, expansion of output when resource scarcity triggers price increases, innovation and adoption of technologies to exploit profitable opportunities. These responses largely explain the absence of any apparent correlation between per capita output growth and population growth in the aggregate. Specifically, the authors note "... the key [is the] mediating role the human behaviour and ambitions play in the relation between population growth and economic processes" (p. 4).

The revisionist nature of the NRC report and its emphasis on human behaviour and human institutions (or, in technical terms, on feedbacks, largely market-induced, in response to population change) not only helps us to downplay population pressure as the bogey of development, but also to highlight a key principle of the Church's social teaching. I refer to the principle of subsidiarity in its focus on the internal life of a community of a 'lower order' and its opposition to all forms of collectivism (*Centessimus annus*, 48, 4).

By concentrating our attention on this essentially moral question, we

¹⁷ National Research Council, Working Group on Population Growth and Economic Development, Committee on Population, 1986. Washington, DC: National Academy Press.

move away from the preoccupation of policy makers with the neo-Malthusian approach to human numbers. This paper argues that the question first asked by Malthus is the wrong question. The question is not about human numbers and how many people can be supported by this earth. The question is about the quality of life which this earth will sustain. This is a moral question which can never be answered by science.

The next question is how much longer the existing international economic order can be sustained. How much longer can 15 per cent of the population of the world control 80 per cent of the world's income? How long can the world sustain, let alone tolerate, the malnutrition — related deaths of 14 million children a year, while North Americans spend \$ 5 billion on special diets to lower their calorie intake? What does it say about the world economic order when the annual consumption of Pepsi and Coke by Americans is nearly twice the value of the GNP of Bangladesh?

These and related issues touch the very core of the moral question posed in *Redemptor hominis* where John Paul II for the first time (and in seeming contrast to his predecessors) criticised the modern process of development. He said that in the present international order we have the parable of the rich man and Lazarus writ large (*Redemptor hominis*, 16). And in *Sollicitudo rei socialis* he raised the issue of overconsumption as related to the affluent North.

Is there a common denominator in these persistent calls for a concrete commitment to solidarity and charity on the part of the affluent North? I think there is one general philosophical assumption spelt out in *Centesimus annus*, namely, the ideal of individualism that Tocqueville first discerned in his classic study *De la démocratie en Amérique*.

The ideal of individualism promotes more favourable attitudes toward innovation, it enhances capacity to confront the future which will be different from the past, but by freeing the individual from tradition and the past presents a serious challenge to social cohesion, solidarity and social stability. Rampant individualism has created the essential institutional invention of an industrial capitalism and by extending it to the current model of development has not contributed in equal measure to man's happiness.

The classical assumption of perfect competition incorporates the philosophical assumption of the ideal of individualism. This paper has argued that such a model is of little use in analysis of an international labour market.

"The perfectly free economy requires perfectly mobile human beings" wrote Walter Lippmann with relation to the American economy. I have argued that the good of perfect labour mobility is a myth on the global

scale. In any one country, and particularly in developing countries, a minority of the labour force may have the opportunity to profit from international labour mobility, but most people prefer to live and die close to where they were born, and to work at the trade they first chose. Given this tendency, we have no option but to consider what Frederick Hayek presciently said in 1974 that we have to "make people at large understand that ... it is no longer in our power to ... maintain full employment and a tolerable productive organization of the economy ... This can be achieved only by that steady restructuring of the use of all resources in adaptation to changing real conditions ...".

When Hayek spoke of the "restructuring of the use of all resources" he referred to the need for reform of basic institutional structures that help to maximize employment. Applied to global economy we include in this goal development policies for the purpose of maximizing employment. Importantly this includes human development as envisaged in the *UNDP*. Some of the social priorities here include the seeking of more resources to foster linkages between social and economic development, integrating better funded humanitarian support and the launching of macroeconomic programs more effectively, helping settlement of refugees, and so on. In promoting such reforms "the principle of subsidiarity is of particular relevance. The international community cannot pretend to substitute properly for the responsibilities of governments and of the decentralized bodies of the countries".¹⁸

All in all then, the issue of appropriate employment policies and migratory pressures in a world economy split into the haves and the have-nots must be treated in a holistic manner to encompass development co-operation, refugee, and immigration policies. A comprehensive development strategy in which international migration is assigned a specific role represents the most promising direction.

¹⁸ M. Camdessus, "Reform of the basic institutional structure", in Pontifical Council for Justice and Peace, *World Development and Economic Institutions*, 1994. Vatican City, pp. 23-4.

Discussion of Prof. J. Zubrzycki's paper

ARROW

A question frequently raised is the effect on the cohesion of the country in which migration takes place, particularly when the groups involved are somewhat heterogeneous in terms of culture. This issue is raised in the United States quite a bit. Since you have the experience of a country which has done the same thing on a much more massive scale than we have, I am wondering if, in your opinion, this a legitimate concern.

ZUBRZYCKI

This is precisely a topic which has been central to my own activity as a scholar and adviser to a succession of governments in Australia. There the change brought by about migration has occurred within a very short space of time. The transition from a virtually homogeneous Anglo-Celtic society into a multi-ethnic, and now multi-racial, society took one and a half generations. Comparable transition in the United States took six generations and in Canada possibly three generations. In both of these countries the process of change was not without some negative effects especially in the segregation of immigrant communities into ethnic ghettos and economic and social marginalization.

In Australia we have been very conscious of the lessons derived from the immigration experience of the USA and Canada (and increasingly so the experience of Great Britain, France and Germany). During the '70s we adopted the ideology and policy of multiculturalism, formally conceptualized in the four basic principles which are essential for a successful multicultural society: social cohesion; respect for cultural identity and awareness of Australia's cultural diversity; equal opportunity and access for all Australians; and equal responsibility for commitment to, and participation in, Australian society. So defined multiculturalism is for all Australians and applies as much to the Anglo-Australian majority as it does to other ethnic groups.

The debate in Australia is about the social organization of cultural difference. It is about the possibility of reconciling the need for the rule of law — for legitimate authority which in a political democracy is ultimately based on support and consent of the people — with the preservation of ethnic groupings.

These objectives are promoted in Australia through a range of affirmative action programs. In doing so we are conscious of the fact that government intervention touching on so many areas of social life will only be effective if its scale does not affect the underlying consensus about multiculturalism. In other words we follow Karl Popper's precept of piecemeal social engineering. I believe that this approach offers the best safeguard to the maintenance of social cohesion. I myself have promoted the motto "Many cultures, one Australia".

BONY

Votre document a retenu toute mon attention parce qu'au XXème siècle le problème des émigrés occupe une grande place.

La Côte d'Ivoire, mon pays, que vous avez eu la bonté de citer, accueille effectivement de nombreux ressortissants de la sous-région Ouest africaine. Vous avez mentionné que 22% de la population ivoirienne est étrangère. En fait, c'est le quart. Depuis quelques années la guerre civile au Libéria a provoqué un flux continu d'émigrés libériens chez nous. Ces "frères étrangers" que nous refusons de parquer dans des camps vivent dans nos villages avec les autochtones. Certes, le nombre élevé d'arrivants pose quelques problèmes. Mais jusqu'à présent, grâce à notre politique de tolérance, de solidarité, de paix et d'intégration, ces problèmes trouvent solution.

MALINVAUD

Il est indiscutable que vous traitez d'un problème majeur de l'avenir, celui de l'importance des migrations potentielles sur la planète. Nous, économistes, pensons qu'il y a une relation entre la migration des travailleurs et la liberté du commerce. Une réaction naturelle vis-à-vis de la pression des pays en développement, vous le laissez entendre dans la dernière phrase de votre texte, consiste à prôner une stratégie générale de développement. Quelle relation existe à votre avis entre libéralisation du commerce et politique de migration?

ZUBRZYCKI

Yes, I think there is a relationship of cause and effect, by which I mean that any liberalization of trade will, other things being equal, lead to migration streams of one kind or another. However, that phrase, other things being equal, *ceteris paribus*, is one which must be taken into account. And the reality is that in the contemporary world any liberalization of trade does not necessarily lend to freer migration. But during the nineteenth

century and certainly since the abolition of the Corn Law in Britain, the massive transatlantic migration proceeded with few restrictions because trade was free.

MALINVAUD

Oui, justement ce que je voulais suggérer c'est que la libéralisation du commerce pourrait être un moyen pour rendre la restriction des migrations plus tolérable du point de vue des pays en développement.

Par exemple, si l'Europe Occidentale ouvrait davantage son commerce aux produits de l'Europe Orientale qu'elle ne le fait aujourd'hui, ceci pourrait ralentir le flux d'émigrants de l'Est vers l'Ouest. Je sais que l'exemple n'est peut-être pas transposable à une autre échelle. Mais partagez-vous cette opinion?

ZUBRZYCKI

Yes, I would agree with this outlook. Undoubtely, there is a potential for considerable lessening of migration pressure if trade is liberalized, and the example that you have in mind is, I think, very pertinent. However, I think the key word, the key phrase is the potential for lessening migration pressures. The reality may well prove that the potential will not be realized in practice.

ARCHER

Professor Zubrzycki, I know you have an immense amount of experience in advising governments on multiculturalism. Drawing upon this experience, would you mind being bold enough to fill in one phrase in your last paragraph, which is very interesting, where you say that migration should be treated in a holistic manner. I would very much like to hear what your ideal would be, maybe one that has never been attempted by any of the governments you have worked with; but what would be the ideal in your view? Would you care to speculate?

ZUBRZYCKI

My personal experience applies primarily to Australia, secondly to Canada and thirdly to Sweden. In these three countries I have played a part, in one way or another, in advising, researching, and writing policy papers to guide politicians. In every one of these instances there was an element of holistic approach, in which a particular policy was seen to be aiming at the provision of better services and better reception facilities for immigrants. But in looking at the whole plethora of post migration

settlement programs, we were becoming very conscious that they are all interlinked, that it is no use working on, say, the improvement of health services, without at the same time providing a range of educational services such as, for example, the training of staff, provision of interpreters and translators, the provision of educational programs through the media and a lot of other services, all of which are linked. And once you begin to look at it in this holistic way, there is no way of limiting your horizons. An essential element of this approach must be the provision of systematic evolution and monitoring of all affirmative action programs to estimate their impact on society.

ESPING-ANDERSEN

One of the great dilemmas of advanced countries is the fall in fertility, particularly in Southern Europe, with its consequences in terms of population ageing and the future of social protection. One solution, that seems on the surface to be positive-sum, would be to attract immigration so as to compensate for the population shortfall. However, this would present a new dilemma: a large proportion of the potential immigration to Europe would be made of relatively low-skilled workers, adding to the existing pool of the unemployed, especially in this group.

Our preference would be highly-trained, highly-qualified, immigrants, but this would be a negative-sum solution for the sender countries. In this sense we have a double trade-off.

ZUBRZYCKI

You are obviously pin-pointing an extraordinary drama, if not absurdity, of the situation in developed countries, where a deficit in the birth rate in the years to come will produce shortage of people in particular age groups, making the need for offsetting migration patently obvious. And yet, governments in the developed countries do not allow these gaps to be filled through immigration. They are relying rather on the people whom I jokingly call "cyclical-shock absorbers", or the migrants who come at the time of prosperity, and are pushed out at the time of downturn in the trade cycle. The shortages in the workforce are filled only on a temporary basis. But time will come, in the next century, when certain developed countries, particularly in Western Europe, will have to face up to this situation. Precisely how it is going to operate, and how the rhythm of that replacement, if any, would be linked to increased productivity, remains to be seen. And here I am in the hands of my fellow econometricians, who are capable of measuring these issues. All I can say is that the immensity of these

problems has to be faced up to. Any short-term solution relying on seasonal workers, or temporary entrance to the work force, just does not produce satisfactory results. We also know that the so-called temporary migrants become really permanent migrants, but marginal people, denied the privilege of citizenship and the ability of competing for jobs on the basis of equality. So, here is another source of instability in the next century, with increasing marginalization of some minority groups in developed societies.

II.

THE FUTURE OF EMPLOYMENT

LE CHOMAGE DANS LES ECONOMIES MIXTES: EVITABLE OU NON?

EDMOND MALINVAUD

UNEMPLOYMENT IN MIXED ECONOMIES: INEVITABLE OR AVOIDABLE?

SUMMARY

1. *Introduction*

The paper is inspired by the third paragraph of the introduction by J. Schasching (1996): namely, we want to make sure that, in their application of the principle of human dignity, statements of the social teaching of the Church are not at variance with what is known about social reality, but are anchored in well substantiated findings of social sciences. In particular, Schasching concentrates (pages 13-14) upon the right to work. He deals with the following question raised by many people, including the French Commissaire Général du Plan: "Can we return to full employment, and to which type of full employment?" The answer given by economists today is less firm and simple than it was thirty years ago when they were ready to assert that unemployment was essentially either a business cycle phenomenon, or an aspect of underdevelopment.

2. *Preliminaries*

2.1. In market economies with a high level of material well-being, a part of unemployment simply reflects the freedom of choice of workers and employers; it is not in opposition to human dignity; economists classify it as "frictional unemployment". Once frictional unemployment has been subtracted, the remainder is usually defined as the excess of the aggregate labour supply over the aggregate demand for labour. Since there is never a perfect match between the compositions of these two aggregates, there is another part of unemployment to be accounted for, namely, the part due to this mismatch. As a rough order of magnitude, I would estimate that frictional unemployment alone would lead to an unemployment rate of about 5 percent.

2.2. As a working hypothesis this paper assumes that, in order to fulfil their duty with respect to the right to work, the state and relevant social institutions have to prevent unemployment from ever exceeding frictional unemployment for long. So defined, this duty is demanding because of its absolute nature, which has to be fulfilled irrespective of other objectives of public policy, including other social objectives.

2.3. What should the recommendations be were it established that, from now on, sustained mass unemployment was inevitable in contemporary mixed economies? It is noteworthy that nobody seems to suggest a return to command economies like those that dominated Central and Eastern Europe. The implications of many frequently voiced proposals have not been studied in depth, such as the development of a second sector which would not aim at profitability, or the upgrading of unconventional forms of activity, which would serve to promote social integration. The most concrete and extensively studied proposal is still to find ways of lowering the average length of work of employed people, without significantly damaging economic growth.

3. A common belief in the 1960s

3.1. From newly established time series of aggregate data, economists could draw three conclusions: (a) unemployment fluctuates with business fluctuations, (b) no long-term trend seems to characterise the unemployment rate, (c) however, long cycles extending over several decades could be detected. Conclusions (b) and (a) were both viewed as consistent with either of the following theoretical approaches.

3.2. The theory of general equilibrium looked persuasive with respect to the proposition asserting a long-run convergence to full employment in stable market economies. Criticisms of this theory existed, in particular concerning its assumption about competition and the lack of good evidence about the stability of equilibrium. However, these inadequacies of the theory did not appear to present difficulties for the specific proposition in question.

3.3. Keynesian theory was viewed as appropriate for the analysis of short-run slumps, rigidities, market disequilibria and macroeconomic policies. The central element of this analysis was the aggregate demand for goods, whose deficiency led to unemployment, and whose excessive dynamism led to inflation. Aggregate demand could in principle be controlled by macroeconomic policies, but its effects were subject to substantial lags.

3.4. Debates among economists concentrate less upon the adequacy of the "neoclassical synthesis" pertaining between the two above approaches, than upon the best rules for economic policies. Advocates of policy activism believed that recent developments in economic theory gave governments the means for avoiding lasting excess unemployment, over and above its frictional level. On the other hand, a minority argued for fixed policy rules, because of their trust in the role of spontaneous equilibrating market forces and their distrust in politicians, who could only exercise loose control, would make mistakes and would too often take the risk of accelerating inflation.

3.5. The main feature of developing economies was seen as being the dualism which existed between a modern industrial urban sector and a traditional agricultural rural sector. Demographic growth in rural areas and examples of those achieving economic success in cities led to mass migration to urban centres. But many of these migrants could not find jobs and remained poor. The risk of being unemployed in cities was the main factor curbing migration; but it was not effective until a sufficiently high level of structural unemployment was reached and became manifest.

4. Economic trends during the last two decades

4.1. Economists could not be insensitive to the growth of unemployment, which increased with the successive crises in the world economy. For OECD countries, the number of unemployed people had fluctuated around 10 million between 1950 to 1973; this went up to 20 million in 1980, 30 million in 1983, then 35 million now (i.e. 8.5 percent of the labour force), after a modest reduction to 25 million in 1990. Thus economists are therefore now reminded that the efficiency of the market economy has its counterpart in the severity of its sanctions, and hence of an obligation to be flexible in the face of fairly unstable economic evolution. Technical progress cannot be blamed (except to some degree with respect to the fate of unskilled workers in rich countries). Instead blame attaches to instability in terms of trade and exchange rates, to the fight against inflation, to excessive indebtedness and to speculative bubbles.

4.2. From the diversity of experience in the Third World, two lessons have been learned. Firstly, the search for original growth policies has failed; countries which best succeeded in raising their standards of living and their employment levels, as well as in their dualism, were those which had chosen the path of integration into the world economy. Secondly, once initiated, inflation tends to accelerate to a point where it is obviously damages distributive justice, economic efficiency and then employment when it has to be curbed.

4.3. It is in Europe that the contrast with the 1960s was the most marked and also that the thesis of inevitable unemployment is most widespread. Whether European macroeconomic policies have some responsibility for this is debated, but economists agree that European countries failed to adapt adequately to the changes that occurred since the end of the 1960s. This was in part because the high expectations raised by earlier fast rates of growth were not revised quickly enough; but now it is mainly due to rigidities built into economic and social institutions.

4.4. In short, the following conclusions are drawn from recent experience: (i) no better prospects seem to exist than those offered by a market economy of which public powers would take the best advantage, (ii) the trend toward a global world-market-economy presents favourable opportunities, but also entails a risk of instability, which needs to be better controlled, (iii) the sustainable potential of the economic system should not be overestimated, because the result would later be increased unemployment, (iv) within those potentialities, margins remain for choices, but in the long run any rigidity must be compensated for by acceptance of

lower economic efficiency, which means a lower standard of living and less security of employment.

Their historical awareness leads economists to recall extended periods of stagnation in the past, all of which came to an end. They find it hard to believe that, after the disorders and stabilisations of the last two decades, the time for a more balanced trajectory will not come. They still tend to believe in a future renewal of employment; but their belief is less firm and more conditional than in former days.

5. Advances in theoretical research

5.1. A good deal of research has been devoted to possible sources of malfunctioning in market economies. More precisely, theoretical research examined three possible explanations. Firstly, some prices and remuneration rates are rigid, hence excess demand or supply may remain on some markets, in particular an excess supply of labour. Keynesian unemployment is such a case, which coincides with a deficient demand for goods; but another case, so-called classical unemployment, occurs when firms do not earn sufficient margins for expanding or renewing their productive resources, even sufficient to continuing in production. Secondly, a coordination failure exists when the available human resources are not fully employed, while some human needs remain unfilled. Such failures are at variance with the coordination that markets are supposed to effect between decisions taken by economic agents. These failures may be explained by the fact that some markets do not exist or are not perfectly competitive. Thirdly, even with full price flexibility and with a complete system of perfectly competitive markets, instability may occur. Abstract cases have even been built in which the equilibrium evolution resulting from perfect foresight is unpredictable.

5.2. Some more empirically based research work addressed the question of discovering how inappropriate levels of real labour costs could be responsible for unemployment. The case was fairly clear when particular types of labour were concerned, for instance unskilled labour. As for the average real wage rate, account must also be taken of the induced pay rises and of their contribution to the aggregate demand for goods.

5.3. Research on the role of economic policies contributed to the increasing mistrust among economists with respect to policy activism. The methodology current during the 1960s disregarded the impact of public policies on private expectations and hence on private behaviour. Yet this impact might be such as to run counter to the aim of the policy, even to the point of fully cancelling out its intended effects. Abstract examples of such cases were found by working with the assumption that agents had perfect foresight. Empirical investigations of the problem were also undertaken, particularly with respect to the hypothesis of "Ricardian equivalence", according to which budget stimulation by increased public expenditure had no effect on the aggregate demand for goods.

5.4. Another relevant research area concerned the idea of unemployment hysteresis: when a high level of unemployment has been reached, it would be

difficult to decrease this level quickly. This difficulty might occur because workers who long remain unemployed become progressively less employable. It might also occur because the policy trade-off between inflation and unemployment would change when the same number of unemployed workers would be made up of people who remained inactive for a longer time. Policy choice would then shift towards more concern for inflation.

6. *Epilogue*

The economy ought to serve man better than it does. To the extent that mass unemployment is inevitable, the right to work could never realistically be respected. This would raise two questions. What would be the best form of concrete compensation for those who would long remain unemployed? What would be the means for reducing, as far as possible, the significance of unemployment? Well! These two questions remain even if unemployment is avoidable, but not fully avoided. In other words, to give a definite answer to the question in the title of this paper is not a prerequisite for striving to make our contemporary economies more humane.

In concluding this paper, which aimed at presenting the position, knowledge and doubts of economists about the topic under discussion, I may add that economists do not differ from specialists in the other social sciences with respect to the human objective to which I just referred. Actually, many among them chose their professional field in the hope of contributing to the fulfilment of this objective.

Where they perhaps differ, is in having a clearer perception of the difficulty of the task and in their concern to avoid placing a rash over-credulity in supposed remedies which would turn out to be more damaging than beneficial. Such was so often the case in the past!

1. *Introduction*

Cet exposé est inspiré de bout en bout par le troisième alinéa de l'introduction de notre référence (J. Schasching, 1996): considérant comment le principe de la dignité humaine est traduit dans l'enseignement social de l'Eglise, nous devons vérifier que cet enseignement n'est pas en désaccord avec la réalité sociale, mais est ancré dans les conclusions bien établies des sciences sociales. L'exposé concerne plus précisément le droit au travail et la responsabilité des Etats, "employeurs indirects", qui ont à prendre toute espèce d'initiative requise pour rendre possible l'exercice de ce droit (partie II.2 de J. Schasching, 1996).

L'exposé se situe aussi par rapport à la communication de R. Minnerath à la première session de l'Académie, où il est écrit que "le chômage

est devenu un phénomène structurel dans les pays industrialisés” et que les solutions actuellement envisagées, “qui attendent tout du marché, ne résoudront probablement que partiellement la question du chômage structurel” (R. Minnerath, 1996). On pourrait citer bien d’autres expressions de la même crainte. Par exemple en France le Commissaire Général du Plan, J.B. de Foucauld, s’adressant à un groupe de réflexion sur “le travail dans vingt ans”, posait les deux questions suivantes: “Peut-on revenir au plein emploi, et à quel type de plein emploi? Ou faut-il admettre qu’il n’y a pas de travail rémunéré pour tout le monde et s’adapter à cette situation nouvelle?” (J. Boissonnat, 1995).

Il est indéniable que face à l’inquiétude actuelle, particulièrement présente en Europe, l’opinion publique éclairée a une perception plus dramatique du problème que celle retenue très majoritairement par les spécialistes de la science économique. Ceux-ci estiment trouver dans leur discipline la justification du postulat suivant retenu dans *L’étude de l’OCDE sur l’emploi* (OCDE, 1994): “Le chômage structurel apparaît lorsqu’il y a un décalage entre les pressions auxquelles les économies sont soumises pour s’adapter au changement et la capacité de ces dernières à y répondre” (p. 7). Cependant, il faut aussi reconnaître que l’opinion des économistes eux-mêmes est aujourd’hui moins assurée et moins simple qu’il y a trente ans, alors qu’ils étaient prêts à affirmer que le chômage était essentiellement soit un phénomène conjoncturel, soit un phénomène de sous-développement.

Pour présenter la réponse de la science économique à la question figurant comme titre de cet exposé, je partirai de cette conviction des années 1960, puis je montrerai comment d’une part l’évolution des faits, d’autre part les progrès de la recherche théorique conduisent aujourd’hui à une réponse moins catégorique. Auparavant, il me faut cependant encore évoquer quelques préliminaires.¹

2. Préliminaires

2.1. Dans son acception moderne, le concept de chômage est relativement récent et défini surtout pour les pays industriels (R. Salais et associés, 1986). Les statisticiens classent aujourd’hui comme chômeur toute

¹ Le titre fait référence aux “économies mixtes”, avec pour seule intention de signifier par là que l’exposé ne s’adresse pas à une forme idéale de l’économie de marché, mais aux économies concrètes d’aujourd’hui, où les marchés tiennent une grande place mais où d’autres institutions interviennent aussi pour organiser les opérations économiques. Le concept d’économie mixte n’a pas à être plus précisément défini.

personne qui n'a pas d'emploi rémunéré, en cherche un et est disponible pour l'occuper. Mais ces divers termes seraient trop ambigus s'ils n'étaient pas précisés davantage, tant sont variées en fait les positions des personnes vis-à-vis de l'emploi. La mesure de l'effectif des chômeurs a ainsi un caractère quelque peu conventionnel et les comparaisons entre taux de chômage dans le temps et l'espace en sont affectées plus ou moins.

En particulier, on a été souvent surpris de trouver des taux de chômage assez bas dans les pays les moins développés, où une partie importante de la population vit dans l'agriculture et plus généralement dans le secteur traditionnel: quasiment tout le monde y est alors "employé", parfois avec une très faible productivité, souvent considérée comme révélatrice d'un "sous-emploi caché". C'est pourquoi de nombreux analystes estiment qu'il est plus pertinent dans les pays en développement de se référer au taux de chômage urbain, plutôt qu'au taux de chômage global (M. Todaro, 1985). Le Bureau International du Travail donne ainsi pour les pays de l'Afrique Subsaharienne au milieu des années 1980 des taux de chômage urbain variant de 9,7% à 31,2% (ILO, 1992). Je n'insiste pas davantage: la question à laquelle cet exposé s'adresse n'est clairement guère pertinente pour traiter des problèmes du travail dans les économies de subsistance, et même quelque peu au-delà.

Dans les économies de marché où prévaut un niveau élevé de bien-être matériel, une partie du chômage traduit simplement la liberté qu'ont travailleurs et employeurs de choisir que faire, et donc de rechercher le meilleur choix avant de s'engager. En elle-même, cette partie du chômage n'est pas contraire à la dignité humaine, surtout si les ressources personnelles et familiales ou la protection sociale assurent par ailleurs un niveau de vie suffisant. Les économistes classent cette partie dans le "chômage frictionnel", qu'ils isolent en vue de concentrer leur attention sur le reste du chômage.

Ce reste est analysé le plus souvent comme constituant un excès de l'offre globale de travail par la population sur la demande globale de travail. Corrélativement, le chômage frictionnel comprend plus que ce qui a été évoqué ci-dessus; car il ne faut pas s'attendre à ce que les compositions respectives de l'offre et de la demande de travail concordent parfaitement, par localités, métiers, qualifications, conditions de travail, etc. Il est dès lors normal que certaines offres et demandes de travail ne soient pas satisfaites du fait de leurs caractéristiques propres, même quand globalement le marché du travail paraît équilibré. Ne nous attardons pas trop sur ce cas, quitte à y revenir ultérieurement.

Si la définition du chômage est conventionnelle, celle du chômage frictionnel l'est bien plus encore. Ce qui suivra est, fort heureusement, peu

dépendant de la convention retenue, dès lors que l'on considère comme établi que des taux de chômage de l'ordre de 10% excèdent largement ce que l'on peut attribuer raisonnablement au chômage frictionnel (pour les preuves se reporter par exemple à E. Malinvaud, 1984). Si un ordre de grandeur est nécessaire ici pour fixer les idées, je propose de retenir le nombre rond de 5% pour le taux de chômage frictionnel en Europe et dans les pays comparables.

2.2. C'est par rapport au droit au travail que doit s'interpréter, nous l'avons vu, la question figurant en titre de cet exposé. Ce droit, affirmé dans les constitutions de divers Etats et dans l'enseignement social de l'Eglise, est très particulier: il ne peut pas y avoir de formule manifeste et atemporelle pour la réalisation personnelle de ce droit (partie II.2 de J. Schasching, 1996); il s'agit plutôt d'un devoir de la collectivité nationale vis-à-vis de l'ensemble de ses membres.²

Quelle est l'étendue de ce devoir? Donner la réponse à cette question n'appartient pas au sujet, strictement positif, de cet exposé. Cependant, la clarté de ce qui suivra exige qu'une réponse provisoire soit retenue ici à titre d'hypothèse de travail. Je propose la réponse commode consistant à dire que la collectivité a le devoir de faire en sorte que le chômage n'excède jamais durablement le niveau du chômage frictionnel, que l'on peut encore appeler "chômage de plein emploi". Cette réponse paraît au premier abord peu exigeante; elle admet en effet que la collectivité puisse se décharger, par exemple grâce à des indemnisations, de son devoir d'emploi vis-à-vis de ceux qui se trouvent temporairement au chômage et même de ceux qui n'ont durablement à offrir qu'un travail trop peu demandé (la seconde partie du chômage frictionnel).

A la réflexion, la réponse apparaît au contraire très exigeante par son caractère absolu. Elle suppose qu'une priorité soit donnée à la lutte contre le chômage, par préférence éventuellement de tous les autres objectifs de la politique publique, les autres objectifs sociaux compris. La force de cette exigence apparaîtra clairement dans la suite de l'exposé.

2.3. Avant d'entreprendre l'étude de notre sujet, nous devons encore nous interroger sur ce qu'il conviendrait de recommander s'il était établi que, à partir de maintenant, le chômage serait durablement inévitable dans les économies mixtes que nous connaissons. De fait, si on n'évite pas la

² Ainsi conçu, le principe du droit au travail donne parfois lieu à de sérieuses difficultés d'application, comme le montre H. Suchocka (1996).

question, c'est que les objectifs sociaux autres que le soutien de l'emploi ne sont jamais totalement sacrifiés. D'ailleurs, la question est posée de façon répétée dans la section VI.1 de J. Schasching (1996) qui concerne précisément le droit au travail.

R. Minnerath (1996) a proposé en conclusion que nous repensions certains chapitres de l'économie politique en fonction de la priorité à attribuer à la lutte contre le chômage. Il y a différentes façons de lire ce conseil. La première, faible, consiste à dire que les économistes se doivent de réfléchir sur le problème. Pas mal d'entre nous économistes le font effectivement. Mais la tonalité générale de l'article de notre confrère montre qu'il considère cela comme insuffisant et pas assez opératoire. Je le lis comme nous signifiant qu'une "autre économie politique" nous sortirait des dilemmes posés par le chômage durable. Je ne veux pas entrer dans un débat sur ce thème ici; je dirai simplement que la recommandation me paraît trop peu concrète pour notre présent propos.

Certaines autres propositions figurent dans des écrits inspirés par l'hypothèse d'un chômage inévitable. Il est frappant de constater que, à ma connaissance tout au moins, peu de ces écrits proposent une voie pourtant assez sûre, celle du retour vers des économies administrées comme celles qui régissaient l'Europe Centrale et Orientale il y a encore quelques années.³ Soit dit en passant, cela révèle que le plein emploi n'est pas considéré comme ayant une préséance absolue, devant le niveau de vie et la liberté d'entreprendre.

L'ouvrage du Commissariat Général du Plan (J. Boissonnat, 1995) évoque des solutions envisagées pour faire face à "la fin du plein emploi classique", aussi bien dans les propositions du groupe de travail sur "Le travail dans vingt ans" que dans une annexe rendant compte de la littérature française sur le sujet. La lecture me laisse sur ma faim, car la plupart des perspectives offertes me paraissent trop floues dans leur contenu et incertaines dans leurs effets. A l'extrême, certains auteurs prônent comme solution la coexistence entre des secteurs ressortissant à la compétitivité et la concurrence, et d'autres secteurs "régis par des logiques différentes"; est-ce autre chose que la voie ayant conduit en Suède à l'inflation du secteur administratif public, voie que ce pays cherche maintenant à abandonner? D'autres auteurs estiment que les fonctions d'expression et d'intégration sociale de l'activité peuvent être retrouvées en dehors des formes classiques

³ Dans cette région, les difficultés d'emploi au cours de la transition vers l'économie de marché ont conduit nombre de personnes à souhaiter ralentir l'évolution (H. Suchocka, 1996). Mais, même dans les pays en cause, rares sont ceux ayant prôné le retour au système économique antérieur.

de travail, dans la sphère domestique, dans les secteurs non marchands, voire dans le bénévolat; les propositions restent le plus souvent vagues sur les rémunérations à allouer éventuellement à ces formes non classiques de travail et sur le statut de ceux et celles qui s'en acquitteraient (des expériences concrètes existent, par exemple en Belgique).

Finalement la solution la plus étudiée est encore celle consistant en la recherche d'une réduction de la durée moyenne du travail dans les emplois détenus. Elle s'appuie sur l'observation que, dans beaucoup de pays, la baisse tendancielle de la durée du travail s'est interrompue vers 1974; elle admet la possibilité qu'une réduction puisse être réalisée maintenant sans affecter l'évolution de la production, donc sans nuire en particulier à la rentabilité des entreprises; elle propose que la mise en oeuvre de l'opération soit confiée aux négociations collectives, les pouvoirs publics l'encadrant et la stimulant quelque peu. Les économistes restent divisés quant aux espoirs à fonder sur le recours à cette proposition et quant aux conditions à réaliser pour en favoriser le succès.⁴

Des propositions s'inspirant de principes voisins, se donnant des objectifs plus ambitieux, mais apparaissant aussi plus utopiques, ont été et sont encore formulées. Ainsi, il y a déjà près de vingt ans que l'économiste L. Emmerij a proposé un programme pour réduire la place de l'activité professionnelle dans le cycle de vie des individus: au lieu d'imposer la succession rigide de l'éducation, de l'activité et de la retraite, il faudrait mettre au point un système plus flexible favorisant l'alternance entre éducation, activité et loisir durant l'âge adulte (voir L. Emmerij (1980) et la discussion qui suivit).

3. Une conviction dans les années 1960

La position de la grande majorité des économistes était claire et assurée durant la décennie 1960-70; au-delà d'un chômage frictionnel sans grande gravité au niveau social, l'excès de l'offre sur la demande de travail ne pouvait provenir que de dépressions temporaires ou du sous-développement de l'économie. Cette conviction résultait de l'observation du passé, et plus encore de l'analyse théorique expliquant le fonctionnement des économies de marché. Cette analyse adoptait deux points de vue jugés complémentaires: celui du long terme, pour lequel "l'équilibre général" de la théorie paraissait bien adapté, celui du court terme et des fluctuations conjoncturelles, siège de rigidités, soumises à des chocs, mais influençables par la

⁴ Pour une analyse sérieuse des politiques dites de "partage du travail", voir J. Drèze (1986).

politique économique. Nous allons passer en revue brièvement l'observation, l'analyse du long terme, et celle du court terme. Nous terminerons par l'énoncé des principales questions qui paraissaient alors encore sujettes à discussion.

3.1. En 1965 on disposait de séries statistiques évaluant, de façon relativement fiable pour divers pays développés, les évolutions annuelles de la production nationale, de l'emploi et du chômage depuis le début du siècle. Des recherches permettaient d'étendre peu à peu cette base de données vers des périodes plus anciennes. De cela on tirait des conclusions qualitatives que nous pouvons simplement résumer.

(a) L'évolution économique est sujette à des fluctuations conjoncturelles manifestes, la production et l'emploi variant ensemble autour de leurs tendances respectives, le chômage étant particulièrement élevé à la fin des dépressions. Ni l'ampleur ni la durée de ces fluctuations ne sont constantes. Ainsi la dépression des années 1930 avait été exceptionnellement sévère.

(b) A long terme, on ne distinguait guère de tendance sur les niveaux autour desquels évoluaient les taux de chômage. A vrai dire, on ne pouvait pas prétendre à la précision: sur un siècle, les structures économiques et sociales, la conception de ce qu'il convient d'appeler chômage, les modalités de l'enregistrement statistique, tout avait évolué. Néanmoins, les ordres de grandeurs restaient grosso modo les mêmes, avant et après la période de chômage aigu des années 1930.

(c) Toutefois, portant certes l'attention sur les prix, la production et l'emploi plus que sur le chômage, assez mal évalué pour les périodes anciennes, des économistes avaient prétendu identifier des cycles longs. Des périodes, plus longues que la décennie, avaient connu une croissance lente, d'autres une croissance rapide. L'identification et le caractère cyclique de la succession de ces périodes donnèrent lieu à débat. Mais l'existence du phénomène n'est pas contestée (voir par exemple J. Van Duijn, 1983).

Ce qui nous intéresse ici dans ces constats concerne surtout le second: l'observation directe ne révélait pas de tendance à long terme vers une croissance du chômage. Une fois admise l'existence du chômage frictionnel, d'ailleurs assez faible, l'observation cadrerait bien avec l'application au long terme de la théorie de l'équilibre général, celui-ci comportant en particulier le plein emploi.

3.2. Dans ses assertions principales, cette théorie des économies de marché est ancienne. Elle est construite sur le postulat que les prix et taux

de rémunération se déterminent, conjointement aux productions, de telle manière que, sur chaque marché, la demande soit exactement égale à l'offre. La théorie s'était élaborée peu à peu et avait fait depuis 1950 l'objet de nombreux travaux qui, en particulier, avaient rigoureusement spécifié le modèle abstrait de l'économie de marché et démontré la non-vacuité du postulat de base: un équilibre construit sur ce postulat existe, moyennant des conditions que l'on admettait être assez générales pour rendre la théorie largement pertinente. Il faut remarquer à cet égard que l'on avait montré comment intégrer au modèle non seulement bien entendu les activités de production, mais aussi le temps et les incertitudes.

Il y aurait évidemment beaucoup à dire sur cette théorie de l'équilibre général. Ce qui nous importe ici est de bien comprendre pourquoi elle apparaissait persuasive quant à la proposition selon laquelle le plein emploi aurait tendu à s'établir à la longue dans les économies de marché. La vraie raison de cette confiance est que, vis-à-vis de la proposition en cause, les critiques à l'encontre de la théorie portaient peu. A l'époque nombre de critiques provenaient encore d'une mauvaise connaissance de la théorie. D'autres, plus pertinentes, ne troublaient guère.

Ainsi, la théorie suppose la concurrence parfaite et, pour permettre alors un équilibre, elle élimine des particularités réelles telles que les rendements croissants dans certaines activités productives. Il est fort difficile de spécifier un modèle général cohérent qui intègre les rendements croissants et la concurrence oligopolistique; mais il est possible de spécifier des modèles particuliers de ce type avec des équilibres de plein emploi; il n'y a donc pas contradiction à affirmer que le plein emploi ne dépend pas de la perfection de la concurrence.

Ainsi encore, c'est un saut logique que de passer de l'affirmation "il y a un équilibre" à l'autre affirmation "l'équilibre tend à s'établir à la longue". Pour justifier ce saut, les théoriciens de l'époque disposaient d'arguments: le modèle de l'équilibre général transposait le modèle beaucoup plus simple de "la loi de l'offre et de la demande"; les conditions de convergence vers l'équilibre étaient bien connues dans ce modèle plus simple et paraissaient empiriquement réalistes dans la plupart des cas. Les études de la stabilité de l'équilibre général laissaient sans doute les théoriciens insatisfaits; mais ces théoriciens pouvaient dire aussi que, dans l'état de leurs connaissances, l'instabilité de long terme paraissait empiriquement peu vraisemblable.

3.3. S'agissant de l'instabilité de court terme, le modèle n'en rendait pas compte. Non seulement il ne prêtait guère attention aux chocs exogènes qui pouvaient affecter l'économie; mais aussi il admettait une parfaite flexibilité des prix et des taux de rémunération; or, on constatait en

réalité des rigidités et, par conséquent, des excès de l'offre sur la demande ou l'inverse.

Il fallait alors faire appel à une autre théorie qui avait été élaborée à la suite de la *Théorie générale* de J.M. Keynes. Un choc dépressif, résultant tantôt d'une baisse des exportations ou des commandes publiques, tantôt d'un retournement défavorable des anticipations, aggravé éventuellement par la perception d'un excès d'endettement, enclenchait une diminution générale des demandes, en particulier de la demande de travail, et une élévation du chômage. Le phénomène était représenté précisément par des modèles macroéconomiques qui permettaient d'en étudier l'évolution dynamique.

La théorie macroéconomique ainsi construite servit surtout à l'examen des politiques budgétaires et monétaires, et de leur rôle pour la stabilisation. Idéalement, ces politiques devaient modérer l'expansion, quand les données exogènes étaient favorables, et soutenir ou relancer l'activité quand elles étaient défavorables. Les autorités gouvernementales, assistées par des économistes, devaient trouver le juste équilibre entre les risques opposés du chômage, dû à une insuffisance de la demande, et de l'inflation, due au contraire à des demandes trop élevées par rapport aux offres.

On reconnut vite une difficulté des politiques de stabilisation, à savoir que l'intervention gouvernementale ne pouvait agir sur l'activité qu'après des délais assez longs. Le diagnostic sur les tendances spontanées n'était pas immédiat; en régime parlementaire, les décisions budgétaires exigeaient de longs mois, leurs effets sur les dépenses des services publics impliquaient de nouveaux retards; la politique monétaire elle-même n'agissait qu'après des délais de l'ordre de l'année sur la reconstitution des stocks et les investissements des entreprises, ainsi que sur les dépenses des ménages.

3.4. On juxtaposait ainsi la théorie de l'équilibre général, pour l'analyse du long terme, et la théorie keynésienne, pour l'analyse du court terme. Certains parlèrent de "synthèse néoclassique". Le fait que la juxtaposition ait été très largement acceptée comme valable laissait en suspens la réponse à certaines questions importantes.

Il y avait évidemment pour les théoriciens la question de savoir comment s'accommoder de cette juxtaposition. Pouvait-elle être rendue cohérente et satisfaisante? Sinon, quelles approximations impliquait-elle aux deux horizons pour lesquels elle prétendait être pertinente? De telles questions n'avaient pas de réponses aisées. Mais ce n'était pas sur elles que se concentraient les débats les plus en vue. C'était plutôt sur la ligne à adopter dans la conduite de la politique économique.

Les positions étaient diverses, entre deux extrêmes que je peux brièvement dénommer l'activisme conjoncturel et la rigueur financière. La

première position avait une confiance complète dans l'affirmation, fort répandue à l'époque, selon laquelle les économistes auraient appris à éviter un niveau de chômage excédant pendant de nombreux mois celui du chômage frictionnel. Suivant cette position optimiste, les responsables devaient bien observer l'évolution conjoncturelle et la diriger en permanence comme un pilote dirige son véhicule; les politiques budgétaire et monétaire, éventuellement assistées par la politique des prix et des revenus, devaient constituer des instruments suffisants pour un tel pilotage.

A l'autre extrême, des économistes prônaient une ligne de rigueur financière insensible aux vicissitudes conjoncturelles; ils insistaient d'une part sur les adaptations qui devaient se réaliser spontanément dans les économies de marché où la libre concurrence serait maintenue, d'autre part sur les perturbations apportées à cette régulation spontanée par l'activisme conjoncturel. Celui-ci serait trop sujet à erreur, notamment du fait des délais que j'ai signalés; il pourrait dès lors être déstabilisant plutôt que stabilisant. De plus, il conduirait à la longue à l'inflation, car celle-ci, plus lente à se concrétiser que le chômage, inquiéterait moins les politiciens; l'activisme conduirait même à l'accélération systématique de l'inflation, du fait que la hausse des prix et des salaires incorporerait de toute façon les anticipations d'inflation, elle-même modelées sur l'inflation constatée.

3.5. Le tableau, trop rapidement brossé, est évidemment très schématique; mais il doit suffire à notre propos si nous n'oublions pas l'analyse qui était, dès l'époque, faite des problèmes de l'emploi dans les pays en voie de développement. Elle partait du dualisme observé dans ces pays: des activités industrielles modernes, localisées surtout dans les agglomérations urbaines, étaient juxtaposées avec une économie traditionnelle, principalement agricole, où la productivité du travail apparaissait si basse que l'on pouvait y voir un "chômage caché".

La croissance démographique dans les zones rurales et l'exemple de succès économiques dans les villes suscitaient une migration massive vers les centres urbains? Mais tous n'y trouvaient pas du travail et beaucoup souffraient alors de conditions de vie pires que celles prévalant en zone rurale. La perception de ce chômage urbain et du risque que s'y retrouvent de nouveaux migrants en dissuadait un certain nombre et constituait le régulateur du flux migratoire (J. Harris and M. Todaro, 1970).

Le chômage urbain, quelque important qu'il fut, apparaissait comme la conséquence inévitable de la liberté de mouvement laissée à ceux vivant dans l'économie traditionnelle. Sa présence n'était pas considérée comme devant remettre en cause les politiques de croissance économique que les pays cherchaient à promouvoir et sur lesquelles nous n'avons pas la place de nous attarder ici.

4. *Evolutions au cours des deux dernières décennies*

Comment les opinions des économistes sur la question posée ont-elles évolué depuis la décennie 1960-70? Elles ont été évidemment influencées par l'observation de ce qui s'est passé depuis lors en matière d'emploi; elles l'ont été aussi par les progrès de la recherche théorique. Essayant de détecter ce qui dans les faits a affecté l'assurance d'autrefois, les trois premières sections de cette partie vont respectivement considérer (i) les effets de l'évolution de l'économie mondiale, (ii) les vicissitudes variées de l'Amérique latine, de l'Asie et de l'Afrique, (iii) les problèmes d'emploi en Europe. La dernière section s'interrogera sur l'histoire économique de longue période: sommes-nous au début d'une phase essentiellement nouvelle dans laquelle les difficultés d'emploi seront permanentes, ou revivons-nous au contraire l'expérience des phases dépressives des cycles longs?

4.1. Les économistes ne pouvaient évidemment pas rester insensibles à l'aggravation du chômage qui a accompagné les crises successives de l'économie mondiale. On sait que, pour l'ensemble des pays de l'OCDE, le nombre de chômeurs avait oscillé autour de 10 millions de 1950 à 1973, mais qu'il s'est élevé à 20 millions en 1980, à 30 millions en 1983, puis à 35 millions aujourd'hui (soit environ 8,5% de la population active), après n'être redescendu qu'à 25 millions en 1990. Il fallait évidemment reconsidérer les explications du chômage et voir comment elles pouvaient rendre compte d'un phénomène aussi massif et préoccupant.

Comme à bien d'autres époques, l'opinion publique a été prompte à accuser le progrès technique dont l'effet le plus manifeste était d'exiger moins de travail pour la même production. Les économistes ont dû rappeler, une fois de plus, que le raisonnement ne devait pas s'arrêter là, car le progrès technique permettait justement la croissance de la production et l'élévation des niveaux de vie. Ce n'était qu'un des changements auxquels les économies devaient s'adapter. D'ailleurs, ce progrès avait été particulièrement rapide et aisément incorporé dans les décennies de plein emploi de l'après-guerre. Il s'était plutôt ralenti depuis lors.

Il faut toutefois reconnaître une difficulté secondaire, provenant non de l'importance du progrès, mais de sa nature, en un temps où le commerce international s'intensifie. Les progrès de l'informatique ont permis de mécaniser beaucoup de tâches, ont entraîné une qualification croissante de la plupart des emplois et ont facilité les transmissions à longue distance. Simultanément la production des biens exigeant peu de travail qualifié s'est déplacée vers les pays où le coût d'emploi de la main d'oeuvre peu qualifiée est faible; cela contribue au développement de ces pays, mais nuit à l'emploi

des personnes les moins qualifiées dans les pays riches les plus touchés, c'est-à-dire ceux où le coût des emplois concernés est maintenu à un niveau trop élevé par rapport à la concurrence. Mais l'ampleur du phénomène, d'ailleurs difficile à quantifier, est assez réduite pour n'expliquer en tout état de cause qu'une petite partie de la montée du chômage (voir par exemple A. Wood [1995] et le symposium contenant cet article).

La mondialisation des marchés a d'autres effets, dont certains deviennent déstabilisants pour les économies qui ne savent pas entretenir leurs facultés d'adaptation. Durant les deux dernières décennies, ce fut d'abord la hausse considérable des prix du pétrole, suivie plus tard par leur baisse. La détérioration des termes de l'échange des pays consommateurs entre 1974 et 1984 eut des effets d'autant plus néfastes que la plupart de ces pays avaient toléré chez eux une certaine montée de l'inflation, qui s'en trouva accélérée. L'inflation ne put être éliminée que par des politiques déflationnistes; celles-ci durent être d'autant plus énergiques et dommageables à l'emploi que les rémunérations réelles s'avéraient plus rigides.

L'importance des revenus pétroliers dans une première période, la déréglementation financière par la suite ouvrirent partout de nouvelles facilités de crédit et d'emprunt, souvent d'origine étrangère. Mais ni les institutions financières ni leurs clients ne sûrent en anticiper les effets multiples: le fait que la désinflation allait rendre très coûteuse la charge réelle d'emprunts contractés à des taux d'intérêt que seule l'inflation permettait de tolérer, le fait que, là où le rationnement quantitatif des crédits disparaissait, un rationnement par les prix, c'est-à-dire une hausse des taux, devait s'y substituer, le fait encore que les crédits pouvaient nourrir des bulles spéculatives sur les prix des actifs financiers et immobiliers, avec le risque de chute brutale ultérieure de ces prix. Il ne faut dès lors pas être surpris d'avoir eu à constater une succession d'événements dépressifs: l'endettement privé excessif et trop coûteux de nombreux pays du Tiers Monde, la perception par beaucoup de ménages et d'entreprises à la fin des années 1980 qu'ils devaient se désendetter, la hausse des taux d'intérêt réels jusqu'à des niveaux dissuasifs, les crises boursières, le marasme des marchés immobiliers, l'insolvabilité de nombre d'institutions financières. L'expérience du passé montre que tout cela ne peut pas se produire sans affecter gravement les marchés du travail.

Les marchés financiers et les effets qu'y induisent les erreurs des opérateurs ne sont d'ailleurs pas seuls en cause. L'intensification de la concurrence sur le marché des biens oblige les entreprises à rechercher continuellement la performance, au bénéfice de leurs clients, mais aussi au prix de réorganisations ou restructurations qui sont d'autant plus pénibles pour leur personnel que la conjoncture est moins porteuse et que les

dirigeants ont été antérieurement moins perspicaces ou moins favorisés par le sort.

En somme, la période actuelle rappelle aux économistes, dont beaucoup avaient eu tendance à l'oublier, que l'efficacité de l'économie de marché a sa contrepartie dans la sévérité des sanctions qu'elle impose et dans une obligation de flexibilité face à des évolutions qui côtoient l'instabilité.

4.2. Aujourd'hui moins que jamais il n'est possible de parler du "Tiers Monde" sans reconnaître la diversité considérable des pays que l'on y classe, pays dont les évolutions économiques ont été fort différentes. Je serais d'ailleurs mal placé pour considérer de près ces évolutions et les enseignements qu'en ont tirés les économistes experts de ces pays. Avoir conscience de l'importance du Tiers Monde pour le présent et le futur de l'humanité ne suffit pas à en donner une connaissance objective précise à quiconque travaille dans un autre contexte. Mais ici il me suffit de présenter comment l'histoire du monde depuis vingt ans a affecté partout les idées des économistes sur l'inévitabilité du chômage. De ce point de vue général, je crois devoir retenir deux propositions, l'une principale, l'autre accessoire mais importante aussi.

Premièrement, la recherche de solutions originales pour résoudre les problèmes économiques du sous-développement a échoué, malgré l'intérêt que lui ont porté nombre d'économistes dans l'après-guerre. Parlant en termes généraux, on doit dire que les pays ayant le mieux réussi à élever le niveau de vie et l'emploi de leurs populations et à réduire le dualisme de leurs économies sont aussi ceux qui ont choisi de s'insérer dans l'économie de marché et d'en tirer les avantages. Bien entendu, ce n'est pas une recette simple qu'un expert venant l'extérieur puisse mettre en place en quelques semaines. Le pays doit faire un important effort de travail et d'investissement, surtout d'investissement en capital humain; il doit intelligemment trouver sa propre voie; ce fut souvent grâce à un secteur public conscient de sa responsabilité et à des politiques agricoles et industrielles avisées; mais tirer parti des opportunités offertes par le marché international s'avéra quasiment toujours bénéficiaire. Bien entendu aussi, la juste répartition des bénéfices n'est pas automatique, ce qui donne aux autorités gouvernementales une responsabilité d'intervention, d'autant plus délicate que les effets doivent être évalués correctement et dans une perspective de long terme.

Deuxièmement, le risque existe, plus encore que dans les anciens pays industriels, que l'expansion s'accompagne d'une hausse générale des prix et que l'inflation, une fois installée, ait tendance à s'accélérer jusqu'au point où elle devient manifestement dommageable à la justice distributive et à

l'efficacité économique. Il faut alors une politique déflationniste qui nuit à l'emploi tant que l'assainissement de l'économie n'a pas été réalisé (sur ces questions voir M. Bruno, 1995). Les autorités gouvernementales ont donc aussi la responsabilité d'établir les finances publiques sur des bases durablement saines.

4.3. C'est en Europe que la situation de l'emploi offre le contraste le plus marqué entre les années 1960 et aujourd'hui: les taux de chômage y étaient très faibles, ils sont presque partout élevés. C'est aussi en Europe que la thèse d'un chômage maintenant inévitable a le plus d'adeptes. Il est dès lors légitime que nous prêtions attention aux explications spécifiques de la particulière gravité du chômage dans cette région.⁵ Dans leur grande majorité, les économistes attribuent le rôle principal à une inaptitude aux adaptations requises; mais ils restent, je crois, divisés quant au rôle des politiques macroéconomiques européennes. Commençons par ce sujet de discussion.

Depuis quinze ans, les politiques macroéconomiques européennes ont souvent été accusées, dans les écrits académiques et dans les réunions scientifiques internationales, d'avoir été dans l'ensemble trop dépressives, plus précisément de ne pas avoir assez soutenu l'activité aux moments où la conjoncture était défavorable: des budgets publics trop rigoureux, des taux d'intérêt et des taux de change délibérément maintenus à des niveaux trop élevés. Les défenseurs de la ligne ainsi suivie par la partie dominante de l'Europe occidentale mettent en avant la priorité à attribuer à la lutte contre l'inflation; ils font valoir que la politique monétaire a peu d'influence sur les taux d'intérêt à moyen et long termes, face aux tendances des marchés financiers; ils remarquent aussi que déficits publics et dettes publiques sont aujourd'hui trop préoccupants pour qu'on puisse attribuer une rigueur exagérée aux politiques budgétaires passées. Certains de leurs opposants acceptent le diagnostic pessimiste sur l'état des finances publiques, mais estiment que les banques centrales en sont en partie responsables en ayant imposé des taux d'intérêt à court terme trop élevés. D'autres, ou les mêmes, disent que, faute d'avoir assez soutenu l'activité lors des dépressions, les autorités avaient alors accepté une augmentation trop forte du chômage et que cela marquait encore la situation présente en raison de l'hystérésis du chômage, en particulier du chômage de longue durée (nous y reviendrons).

Les difficultés d'adaptation de l'économie européenne furent nom-

⁵ Je ne traiterai pas ici en particulier du cas des pays de l'Europe centrale et orientale. Leur expérience du chômage est trop récente pour que la profession des économistes en ait encore tiré les enseignements.

breuses. D'abord, la croissance rapide des premières décennies de l'après-guerre avait donné à tous, travailleurs, employeurs et gouvernants, l'idée que la croissance était acquise, qu'elle permettrait longtemps d'élever chaque année les rémunérations réelles et l'importance des moyens consacrés à la sécurité sociale ou aux besoins collectifs. Dès la fin des années 1960, cette anticipation exagérée enclenchait une spirale des salaires et des prix et conduisait à ce que l'inflation augmente peu à peu. A fortiori la situation s'aggrava-t-elle quand, au milieu des années 1970, se concrétisèrent plusieurs changements qui auraient fort bien pu être prévus: l'exceptionnelle croissance de la productivité se ralentit, les termes de l'échange international, qui avaient antérieurement évolué de façon favorable à l'Europe, se détériorèrent brusquement avec, en particulier, la hausse du prix du pétrole; le Japon et les nouveaux pays industriels, qui avaient été clients de l'Europe Occidentale pour leur équipement, devinrent des concurrents; l'économie mondiale, qui auparavant avait fait preuve d'une exceptionnelle stabilité, devint nettement plus instable. La rentabilité des entreprises européennes se détériora alors à tel point que beaucoup d'entre elles n'avaient plus, au début des années 1980, les moyens financiers nécessaires à leurs investissements, voire à leur survie.

Malgré la hausse des taux d'intérêt réels, la rentabilité des entreprises européennes s'est depuis lors rétablie, grâce à une quasi-stabilisation prolongée des taux de salaires réels. Mais des rigidités d'une autre nature ralentirent et ralentissent encore les adaptations requises. Ces rigidités étaient souvent la conséquence involontaire de politiques cherchant à atteindre une meilleure réalisation d'objectifs sociaux, politiques qui furent poursuivies en vue notamment de faire face au chômage. Dans le même temps, le secteur public a pris, progressivement, une importance grandissante en tant qu'employeur, mais au prix de difficultés budgétaires qui interdirent souvent le développement des infrastructures et des services publics, ainsi que le soutien de la conjoncture.

Engagée depuis quinze ans en Europe, la recherche de la flexibilité n'est pas aisée, notamment parce qu'elle s'impose de ne pas abandonner les objectifs sociaux antérieurs, mais de les atteindre par des méthodes nouvelles, mieux conçues, qui n'aient pas les effets secondaires et indésirables des politiques passées, par des méthodes qui soient plus compatibles avec le jeu des stimulants économiques.⁶ La flexibilisation n'est pas non plus immédiate à produire ses effets. C'est à la longue seulement qu'elle devrait

⁶ En particulier il n'est jamais question de revenir sur la conception centrale du contrat de travail, qui le distingue des contrats de vente ou des autres contrats de prestation de services, précisément parce que le sort de la personne humaine qui s'engage à travailler est en cause.

permettre à l'Europe de profiter d'une plus rapide croissance de l'emploi quand la conjoncture est porteuse, et de mieux résister à la croissance du chômage quand la conjoncture est mauvaise.

L'Europe Occidentale doit résoudre notamment le problème que pose, dans la plupart des pays, un coût du travail trop élevé pour le plein emploi des personnes non qualifiées. Ce problème, évoqué dans la section 4.1, lui est assez particulier en raison d'un niveau relativement élevé des salaires minima, joint à de lourdes contributions annexées aux salaires.

4.4. En somme, des évolutions constatées au cours des vingt dernières années, les économistes retirent comme conclusions: (i) qu'aucune perspective viable ne semble exister qui soit préférable à celle offerte par une économie de marché dont les pouvoirs publics sauraient tirer le meilleur parti, (ii) que la mondialisation de l'économie ouvre des opportunités très appréciables, mais comporte aussi des risques d'instabilité qu'il faudrait réussir à mieux contenir, (iii) qu'on ne doit pas surestimer les potentialités durables du système économique et courir alors le risque d'avoir ensuite à en payer le prix en termes de chômage, (iv) que, dans la limite de ces potentialités, il existe des marges de choix, mais que toute rigidité doit être compensée sur la longue période par l'acceptation d'une moindre efficacité économique, donc d'un moindre niveau de vie moyen et d'une moindre faculté à une reprise rapide de l'emploi quand les conditions ambiantes le permettraient.

Cette dernière conclusion mérite qu'on s'y arrête quelques instants, car le témoignage des économistes est souvent perçu aujourd'hui comme ne laissant aucun choix: l'économie mondiale de marché imposerait partout ses lois, y compris dans le domaine social. La science économique ne justifie pas une position aussi extrême. Au contraire, elle incite à reconnaître la diversité des politiques structurelles permises à chaque pays, à l'intérieur de contraintes qui sont la contrepartie des avantages offerts par la participation à l'économie mondiale.⁷ Mais la science économique est dans son rôle en cherchant à donner une appréciation réaliste des marges de choix, qu'on souhaiterait évidemment plus larges.

Conscients de l'histoire longue, les économistes se rappellent aussi que des périodes prolongées de marasme ont existé dans le passé, par exemple de 1870-75 à 1890-96 en Europe, et qu'elles ont eu un terme. Ils ont peine à croire que, après les désordres et les stabilisations des vingt dernières années, responsables de la dominante dépressive actuelle de l'économie

⁷ L'unification politique, économique et sociale de l'Europe Occidentale impose, bien sûr, des contraintes et des avantages supplémentaires à ceux qui y participent.

mondiale, ne revienne pas un temps où s'établisse une trajectoire mieux équilibrée, favorable au regain de l'emploi. En d'autres termes, ils ont peine à croire qu'un chômage excédant durablement le chômage frictionnel soit inévitable dans une économie de marché bien conduite. Mais ils sont moins assurés et y mettent plus de conditions qu'ils le faisaient autrefois.

5. Progrès de la recherche théorique

Cette moindre assurance vient aussi des recherches qui, depuis trente ans, ont tenté de combler les lacunes antérieures des théories économiques. Ces recherches ont été, et sont encore, l'objet de nombreux débats qu'il n'est pas question de décrire ici. Il faut nous limiter à ce qui intéresse notre sujet, ne le fait pas trop indirectement et se prête à des énoncés sur lesquels un consensus assez large des économistes puisse se réaliser.

Dans ce cadre, je crois devoir considérer successivement quatre sujets: le fonctionnement des économies de marché, la relation entre salaires et chômage, les potentialités et effets des politiques publiques, la persistance du chômage.

5.1. Je ne traiterai pas ici des nombreux développements théoriques qui ont concerné le cas idéal d'une économie où la concurrence serait parfaite et où régnerait par hypothèse un équilibre général (le volet long-terme de la "synthèse néoclassique"). Le chômage ne peut apparaître que comme un dysfonctionnement par rapport à cet idéal. Ce sont donc les recherches sur les sources des dysfonctionnements possibles qui nous importent. Elles concernent trois propositions qui peuvent être considérées comme se confortant mutuellement, mais que la recherche distingue, en vue d'étudier chacune plus intensément et rigoureusement: (i) certains prix et taux de rémunération sont rigides, donc des offres ou demandes excédentaires peuvent subsister sur certains marchés, en particulier une offre excédentaire sur le marché du travail; (ii) la coordination que les échanges sur les marchés sont censés assurer entre les décisions choisies par les divers agents est incomplète et imparfaite; elle ne réussit pas toujours à employer en totalité la ressource humaine, alors même que subsistent des besoins non satisfaits pour ce que cette ressource pourrait produire; (iii) même avec la parfaite flexibilité des prix et la coordination poussée que suppose la théorie de la concurrence parfaite, la réalisation de l'équilibre général n'est pas assurée; les processus censés conduire à cet équilibre peuvent générer des évolutions instables, se traduisant concrètement en désordres, donc aussi finalement en chômage.

Par prix rigides il faut entendre des prix qui ne s'adaptent pas assez pour apurer parfaitement les marchés, c'est-à-dire pour faire disparaître toutes les offres ou demandes excédentaires. Le cas extrême est celui de prix ne s'adaptant pas du tout, donc s'imposant de façon exogène aux échangistes. Une théorie cohérente de l'équilibre général avec des prix exogènes a été mise au point. Traduite au niveau macroéconomique, elle a permis de retrouver le modèle de l'équilibre keynésien où le chômage est lié à l'existence d'une offre potentielle excédentaire de biens (le volet court-terme de la synthèse néo-classique). Elle a aussi fait apparaître la possibilité d'un autre cas, celui où le chômage serait lié plutôt à ce que la production de plein emploi ne serait pas entièrement rentable, c'est le "chômage classique" qui pourrait notamment résulter de salaires réels trop élevés.

La faiblesse de cette construction réside dans son hypothèse de prix exogènes qui, prise à la lettre et appliquée au-delà du très court terme, est contraire aux faits. C'est pourquoi furent élaborées, dans la même inspiration, d'autres théories selon lesquelles les prix n'apureraient pas tous complètement leurs marchés respectifs, par exemple le prix du travail ne trouverait son équilibre qu'à un niveau laissant subsister une offre excédentaire de travail. L'existence du chômage serait requise pour modérer les exigences des salariés, soit directement dans le marchandage sur les salaires, soit indirectement par le niveau de rémunération requis pour fidéliser les salariés et les motiver au travail, alors même que les employeurs fixeraient eux-mêmes librement les salaires (théorie dite du "salaire d'efficience").

Les "défauts de coordination" dans le système économique peuvent résulter de l'imperfection de la concurrence ou du fait que n'existent pas assez de marchés. De nombreuses recherches sont poursuivies en vue de préciser l'une ou l'autre de ces possibilités. Elles ne se laissent pas aisément synthétiser. De plus, comme elles prennent leur sujet depuis ses fondements, leurs implications vis-à-vis de l'existence du chômage sont rarement claires. Dans certains cas où le modèle théorique fait apparaître du chômage, on s'aperçoit que ce modèle suppose aussi la rigidité des prix. Cependant, ces recherches contribuent à soutenir l'intuition selon laquelle le fonctionnement effectif des économies de marché pourrait avoir diverses raisons de générer le chômage.

Egalement très en amont des phénomènes qui nous intéressent ici, se situe la théorie des équilibres chaotiques. Celle-ci considère une suite indéfinie de périodes et des agents échangeant en fonction d'opportunités et de besoins intertemporels, et cela avec des prévisions parfaites. Bien que la concurrence soit parfaite, les marchés soient complets et parfaitement apurés, les données exogènes soient stationnaires, des modèles peuvent être construits où les évolutions d'équilibre sont très désordonnées.

Pour juger de la portée de ces diverses recherches sur certaines pathologies des économies de marché, et pour juger de leur pertinence par rapport à notre sujet, il faut examiner non seulement leurs hypothèses et leurs déductions logiques mais aussi leur aptitude à rendre compte de ce que l'importance du chômage soit effectivement très variable suivant les époques et les pays.

5.2. Moins abstraites, plus proches de l'observation des évolutions réelles, se situent les recherches visant à élucider la responsabilité des salaires sur l'importance du chômage. Ces recherches acceptent l'idée que salaires nominaux et/ou salaires réels puissent avoir une certaine autonomie par rapport au jeu des marchés, donc une certaine rigidité ou exogénéité. Ils peuvent être directement influencés par les politiques des prix et des revenus, par les rapports de force dans les négociations salariales, par les anticipations des employeurs et employés, enfin par l'opinion publique quant aux justes niveaux des rémunérations.

Une application directe des schémas de confrontation entre offres et demandes sur les marchés semble justifier l'idée selon laquelle la réduction des salaires serait favorable à l'emploi dès lors que le chômage excéderait le chômage frictionnel. C'est alors la demande de travail qui déterminerait l'emploi et cette demande serait d'autant plus importante que le coût du travail serait plus réduit. Cependant, cette application directe transpose sans réserve au marché global du travail ce qui s'applique au marché d'un bien particulier; elle transpose aussi à la demande globale de travail ce qui s'applique à la demande de travail d'un employeur particulier.

La transposition n'est guère risquée quand on parle d'une catégorie assez étroite de travail, par exemple du travail non qualifié, dont le coût est par ailleurs aisément considéré comme doué d'une certaine autonomie (salaire minimum et taux des contributions assises sur les salaires). Mais elle devient beaucoup plus contestable quand on l'applique au coût moyen du travail, a fortiori au niveau moyen des salaires. Une baisse de ce niveau rend bien l'emploi moins coûteux, mais elle peut aussi le rendre moins nécessaire aux employeurs. Pour qu'il en soit ainsi, il suffit que la baisse des revenus des salariés entraîne une baisse de la demande de biens s'adressant aux entreprises, la diminution de la demande des salariés n'étant pas intégralement compensée par l'augmentation des demandes des autres agents.

Le diagnostic sur les effets des variations du taux moyen des salaires réels dépend ainsi de la situation des entreprises. Quand leurs marges bénéficiaires sont normales, elles se soucient surtout d'avoir des débouchés pour leur production. Tout ce qui favorise la demande de biens, telle une augmentation des salaires, favorise aussi l'emploi. C'est le cas si le chômage

relève de l'analyse keynésienne. Mais il peut se trouver aussi, comme ce fut le cas en Europe Occidentale à la fin des années 1970 et au début des années 1980, que les marges soient insuffisantes pour assurer la rentabilité des investissements, celle du renouvellement des équipements anciens, voire celle de la production courante. Alors une augmentation des salaires aggrave les choses, notamment le chômage, qui a alors une nature classique. La recherche a visé à caractériser le phénomène et à tester son ampleur.

Ainsi, nous pouvons conclure en retenant la phrase suivante de *Quadragesimo anno* citée par J. Schasching (1996): "une échelle des salaires qui est trop basse, pas moins qu'une échelle des salaires qui est excessivement élevée, cause le chômage". Reste à savoir cependant où est le juste milieu. Or précisément la thèse s'accrédite peu à peu selon laquelle, dans le système socio-économique actuel, les salaires tendraient spontanément à être trop élevés et trop rigides en l'absence de chômage.⁸

5.3. Ainsi que nous l'avons vu, le rôle à attribuer aux politiques publiques était l'objet de débats dans les années 1960. Les recherches effectuées depuis lors ont contribué à l'évolution des idées, qui ont été de plus en plus méfiantes vis-à-vis des politiques activistes. A vrai dire, l'expérience a souvent été plus importante que la recherche proprement dite.

Il y eut par exemple le constat de la dérive inflationniste qui avait été prévue par certains, le constat des maladresses des politiques de "stop and go" dans quelques pays et, beaucoup plus généralement, le constat d'impuissance des ambitieuses planifications conçues pour promouvoir le développement de divers autres pays (il y aurait aussi beaucoup à dire sur les planifications à long terme et sur leurs apports positifs; ce n'est pas le sujet ici). Toutefois, il y eut aussi des contributions scientifiques suivies sur les effets que les politiques publiques entraînent dans les anticipations et les comportements privés et sur l'incidence finale de ces effets.

La méthodologie appliquée dans les années 1960 à l'analyse des politiques macroéconomiques ne négligeait pas systématiquement les changements des anticipations, mais elle traitait ceux-ci comme indépendants des décisions gouvernementales. C'était une faiblesse évidente: ces décisions sont connues et ont des objectifs explicites; elles sont donc susceptibles d'influencer les anticipations, ainsi que par conséquent les comportements privés. Il est même concevable que les réactions privées annulent, voire

⁸ Il faut noter que des propositions de réforme visant à réduire le chômage partent de cette thèse. C'est le cas de propositions en faveur d'une économie de participation, sur laquelle, parmi d'autres, l'économiste anglais James Meade (prix Nobel) avait beaucoup travaillé (voir A. Atkinson, 1993).

renversent les effets calculés à l'aide de l'hypothèse d'anticipations exogènes. En vue d'étudier le problème, la recherche a le plus souvent retenu l'hypothèse extrême selon laquelle les agents privés seraient parfaitement perspicaces et feraient donc des prévisions exactes. Il n'est pas surprenant que les résultats aient été très dépendants de la spécification des modèles étudiés. Mais le fait que des cas abstraits d'impuissance de la politique économique aient pu être rigoureusement construits contribue à la circonspection de nombre d'économistes.

La recherche n'a pas porté uniquement sur des modèles abstraits. Des tests empiriques de certaines propositions ont été aussi appliqués. Les plus typiques concernent la politique budgétaire et la proposition dite d'"équivalence ricardienne": contrairement à l'enseignement keynésien, un déficit budgétaire ne soutiendrait pas l'activité, car il serait exactement compensé par une augmentation de l'épargne privée, les agents prévoyant qu'ils auraient ultérieurement à acquitter les impôts supplémentaires requis pour épouser la dette résultant du déficit. La force de l'argument logique conduisant à cette proposition peut être contestée pour diverses raisons. Mais il importe surtout d'étudier empiriquement les réactions de l'épargne privée aux variations du déficit budgétaire; les tests effectués conduisent à des conclusions mitigées mais reconnaissent souvent la présence d'un effet allant dans le sens de celui mis en avant par l'équivalence ricardienne (voir J. Seater, 1993).

Pour notre propos, il faut surtout retenir que la conception de politiques macroéconomiques qui soient efficaces dans la lutte contre le chômage s'avère beaucoup plus délicate qu'on l'imaginait dans les années 1960. A quoi s'ajoute un fait qu'on avait déjà bien compris à l'époque mais que les opinions publiques persistent à négliger: ces politiques ne peuvent pas avoir d'effet immédiat sur l'emploi; disons pour être concret: pas d'effet sensible avant une année (la seule exception à cette affirmation concernerait un changement de politique qui produirait un tel choc dans les anticipations que beaucoup d'entreprises réviseraient aussitôt leurs programmes d'embauches ou de licenciements).

5.4. Dès lors qu'un chômage important persistait, voire s'aggravait, il était normal de constater que l'ancienneté du chômage touchait de plus en plus de personnes: l'effectif des "chômeurs de longue durée" croissait. Il était normal aussi que les chercheurs s'interrogent sur l'hypothèse d'"hystérésis du chômage", selon laquelle dans tout pays le chômage serait sujet à une certaine irréversibilité, rendant sa résorption particulièrement difficile. A vrai dire, le phénomène ne doit pas être exagéré, car l'histoire donne l'exemple de retournements rapides. Néanmoins, deux raisons d'hystérésis ont été mises en avant et considérées.

Premièrement, les chômeurs deviendraient de plus en plus difficilement employables au fur et à mesure que croîtrait leur ancienneté dans le chômage. Cela pourrait tenir à la personne du chômeur qui perdrait peu à peu sa compétence professionnelle ou ses habitudes de travail (la chose est souvent affirmée; mais je ne connais pas d'étude objective permettant de la vérifier). Cela pourrait tenir aussi au comportement des employeurs qui, mal informés des qualités des candidats à un poste, hésiteraient-beaucoup à recruter ceux qui n'auraient pas été retenus pour un emploi depuis longtemps (peut-être pourrait-on alors dire que l'élévation des durées de chômage entraîne un allongement des recherches des employeurs, c'est-à-dire une augmentation du chômage frictionnel). En principe, cette baisse de l'employabilité pourrait être testée, en examinant si la probabilité de sortie du chômage d'un travailleur donné décroît au fur et à mesure de l'ancienneté du chômage; mais le test est difficile à concevoir, car l'hétérogénéité de la population des chômeurs explique aussi que les fréquences de sortie du chômage diminuent au fur et à mesure que l'on examine les chômeurs de plus longue ancienneté.

Deuxièmement, pour un nombre donné de chômeurs, plus élevée serait la part des chômeurs de longue durée, plus l'arbitrage entre inflation et chômage défavoriserait le soutien de l'activité. Cette affirmation repose sur une preuve économétrique, d'ailleurs non encore fermement établie. Dans les ajustements entre variations du taux d'inflation et variations de ses facteurs explicatifs, le taux de chômage global apparaît systématiquement avec un coefficient négatif; mais si on y ajoute le taux du chômage de longue durée, celui-ci aurait tendance à apparaître avec un coefficient positif; en d'autres termes, le rôle modérateur du chômage serait d'autant plus fort qu'il y aurait moins de chômeurs de longue durée. Dans sa lutte contre le chômage la politique économique serait d'autant plus paralysée par le risque d'inflation que l'ancienneté moyenne du chômage serait plus élevée.

6. *Epilogue*

L'économie devrait mieux être au service de l'homme. Dans la mesure où le chômage massif serait inévitable, le droit au travail serait toujours mal respecté. Cela poserait deux questions principales. Quelles seraient les meilleurs compensations concrètes en faveur de ceux et celles qui seraient maintenus durablement en chômage? Quels seraient les moyens propres à réduire le plus possible l'importance du chômage? Eh bien! Ces deux questions se posent tout autant, et dans des termes peu différents, si le

chômage est évitable mais pas totalement évité. En d'autres termes, donner une réponse nette à la question figurant en titre de cet exposé n'est pas un préliminaire obligé à l'effort pour humaniser mieux les économies de ce temps.

En terminant cet exposé qui a visé à présenter la position, les connaissances et les doutes des économistes sur le sujet choisi, je peux ajouter que les économistes ne diffèrent pas des spécialistes des autres sciences sociales quant à l'objectif humain que je viens d'évoquer. De fait, beaucoup d'entre eux ont choisi leur métier dans l'espoir de contribuer à la réalisation de cet objectif.

Là où ils diffèrent peut-être, c'est dans une meilleure perception de la difficulté de la tâche et dans leur souci légitime de ne pas accrédi-ter à la légère de soi-disant remèdes qui s'avèreraient à l'épreuve plus dommageables que bienfaisants. Ce fut si souvent le cas dans le passé!

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Discussion of Professor E. Malinvaud's paper

MUSELAY

Ma note, figurant en annexe de cette discussion, avait été distribuée à l'avance afin de faciliter la réflexion sur l'exposé de M. Malinvaud. J'en rappelle quelques éléments.

Tout d'abord, je constate que les recettes anticrises que l'on a voulu appliquer dans les années trente et celles que nous préconisons aujourd'hui, montrent une similitude frappante. A cette époque déjà, on a parlé beaucoup des mesures à prendre: la réduction du temps de travail, des subsides aux entreprises en difficulté, l'abaissement de l'âge de la retraite, la prolongation de la scolarité, l'exclusion des femmes et des immigrés, l'embauche par le secteur public, de grands travaux d'infrastructure, etc. et tout sous le fond de déficit public.

Naturellement, l'intervention d'Adolf Hitler nous empêche de savoir ce qu'auraient produit ces recettes anticrises qu'on a voulu appliquer entre 1929 et 1940.

Mais le débat sur l'emploi continue. A cet égard, je trouve intéressant de citer les paroles de Jacques Delors dans une interview du *Nouvel Observateur* en 1993: "J'avais proposé un ensemble de mesures pour soutenir la croissance et la compétitivité, donc l'emploi. Tout le monde applaudit, mais la Commission Européenne s'est heurtée à la réticence de la majorité des Ministres de l'Economie et des Finances et à l'indifférence de certains Chefs d'Etat et de Gouvernement".

Je voudrais également rappeler les paroles intéressantes de M. Michel Camdessus, Président du Fonds Monétaire International, prononcées à l'occasion des grandes Conférences Catholiques à Bruxelles au cours du mois de février 1996:

"Comme tous les pays de vieille civilisation, l'Europe a des difficultés à reconnaître le devoir permanent de l'ajustement. Si elle ne remet rien en cause, si elle est assise sur des droits acquis, elle perdra progressivement sa part dans les affaires du monde et entrera dans une phase de déclin. Si, au contraire, l'Europe accepte de revoueler ses méthodes d'éducation, de formation, de traitement du chômage, si elle consent à adapter ses dispositifs de sécurité sociale, un problème partout, elle sera un acteur gagnant du monde nouveau".

Quant à moi, je trouve évident que notre société soit en crise depuis une vingtaine d'années, mais cette crise a aussi un sens positif. On passe, et on doit passer, d'un système économique et social révolu à un autre plus solidaire. Le monde nouveau n'est pas encore tout à fait défini. Il faut pour cela un changement de mentalité. La solution au problème du chômage exige la persévérance dans les efforts, mais aussi que chacun de nous se remette en question.

La crise actuelle n'est pas seulement économique, il faut le dire et retenir, mais aussi intellectuelle et morale: une catharsis qui nous oblige à revoir nos conceptions trop matérialistes et nos lignes de conduite égoïstes. C'est ma conviction que, sans cette révision, nos efforts pour combattre le chômage n'aboutiront pas aux résultats escomptés.

MALINVAUD

Je remercie le Père Muselay de sa note et de son intervention orale à laquelle j'adhère parfaitement, notamment lorsqu'il dit que l'incapacité de nos sociétés à traiter le chômage relève d'un problème plus général.

J'ai constaté en effet à des multiples reprises que des mesures favorables à l'emploi ont été proposées, examinées, jugées alors en fonction d'autres critères, et n'ont finalement pas été appliquées telles qu'elles avaient été proposées pour être favorables à l'emploi.

Je suis également d'accord avec la note écrite dans laquelle le Père Muselay passe en revue les différents moyens d'agir dans la lutte contre le chômage. Si j'étais dans un aréopage d'économistes, j'insisterais peut-être toutefois sur quelques points qui me semblent avoir été négligés, notamment quant à la politique macroéconomique.

ARROW

I would like to ask Professor Malinvaud to expand on his brief remarks on macroeconomic policies. Like you, I prefer measures that improve the workings of the market and avoid interventions that produce rigidities, as you so eloquently pointed out. But I would like to ask how different you think the history of the last two decades would have been if more stimulating macroeconomic policies had been employed. These might have been easier money or fiscal policy. We all recognize, as you pointed out, that spending policies have limited usefulness because of delays in response. But monetary policy, that is, lower short-term interest rates and the like, works rapidly.

As Father Muselay pointed out, Europe faced a similar though much worse problem than today's in the 1930's. That stimulated all the work on economic theory and policy by J.M. Keynes and others. Most economists

today feel that the Great Depression was avoidable, not by cutting hours of work or similar restrictive measures, but by policy. Milton Friedman has argued that an expansion of the money supply was needed, others would have called for more spending, but there is a consensus that the depression of the 1930's, with its great social consequences, was avoidable by suitable policy. To say it was not avoidable would be a grave indictment of our present economic system.

Europe is not in the state of the 1930's, but it is half-way there. The prolonged unemployment has been accepted so far with remarkable equanimity by the people of Europe. But the situation seems fragile, and it certainly has had social consequences, as you mention in your paper, and obvious bad economic consequences. People who could be working and producing goods are idle.

Macroeconomic policy today is partly inhibited by globalization. Thus, France in the early 1980's tried to expand by itself and failed. Macroeconomic policy requires international or at least Europe-wide cooperation by governments and central banks. If this cooperation were attainable, do you think that a distinctly lower unemployment would be possible?

MALINVAUD

Oui, c'est une bonne question, mais je ne devrais pas y répondre et suivre plutôt le conseil du Professeur Archer, selon lequel nous devons dégager les points d'accord entre nous plus que les points de désaccord. Ma note indique qu'il y a un désaccord sur le rôle des politiques macroéconomiques en Europe. J'ai essayé d'en donner les éléments principaux, pour que le débat y apparaisse clair; mais je n'ai pas voulu exprimer un avis personnel. Puisque je suis sollicité de le faire, je dirai simplement que je suis assez d'accord avec le Professeur Arrow. C'est une confession, qui ne doit pas figurer comme un élément principal dans notre discussion.

SCHOOYANS

Je voudrais vous faire part d'une préoccupation qu'a accentuée la lecture du paragraphe 4.4 et 5.3 de votre exposé. Je me demande si nous n'évoluons pas dans un monde où une méfiance larvée se manifeste de plus en plus vis-à-vis du *pouvoir politique*. J'ai remarqué que dans certains rapports de la Banque Mondiale ou du PNUD, par exemple, apparaissait un appel discret à une subordination du pouvoir politique au pouvoir économique. Or, dans sa Lettre apostolique *Octogesima adveniens* (1971), Paul VI insistait sur une certaine *préséance du pouvoir politique* par rapport

au pouvoir économique. Je me demande donc si, à force de faire le procès de l'État-providence, nous ne tendons pas à discréditer le pouvoir politique dans sa nature même, dans sa raison d'être. Ne risquons-nous pas d'ouvrir la voie à une sorte de technocratie économiciste qui échapperait aux médiations politiques, lesquelles sont pourtant indispensables si l'on veut que prévalent certaines références morales y compris dans la vie économique?

Je voudrais donc simplement vous demander, Monsieur le Président, de nous expliquer comment vous voyez ce rapport entre le pouvoir politique et le pouvoir économique.

MALINVAUD

Ce n'est pas à moi de répondre à la question, mais plutôt aux spécialistes des sciences politiques. Ma tâche d'économiste consiste à dire, de façon réaliste, aux politiques, aux opinions publiques, aux moralistes, ce qui est du domaine du faisable et ce qui est du domaine du rêve. Nos sociétés aiment trop rêver de mesures qui auraient tous les avantages et pas d'inconvénients. On a souvent dit que l'économie était une science lugubre; son rôle déplaisant est en effet souvent de dire: "Non, telle action va avoir des conséquences autres que celles que vous espérez".

Parmi les conclusions de mon exposé figure l'affirmation que, à l'intérieur des possibilités économiques, il reste des marges de choix: on peut opter pour une politique sociale plus ou moins énergique, restreignant plus ou moins l'économie de marché. Il faut simplement en accepter les contreparties, notamment, en termes de niveau de vie. Quant à moi, j'ai tendance à penser que le niveau de vie et le niveau de rémunération reçoivent une priorité beaucoup trop élevée dans les décisions des individus, et par voie de conséquence dans les décisions des Etats. Mais ce n'est qu'une opinion personnelle; quoi qu'il en soit, il revient aux spécialistes des sciences politiques d'analyser pourquoi certaines décisions puissent apparaître comme de démissions du politique par rapport à des soit-disantes nécessités économiques.

URZ

Les économistes ont fait de grands efforts pour analyser l'économie actuelle afin de découvrir les causes d'un chômage regrettable. On accusait le manque de flexibilité du marché de travail, les salaires dépassant la productivité réelle de l'économie, les lourdes charges sociales qui pèsent sur les entreprises, les grandes différences des cours du change, etc. Examinant 17 économies nationales des années 1968 à 1994, la fondation allemande appelée "Bertelsmann" a établi que les pays qui présentent le moindre

degré de chômage sont caractérisés par les qualités suivantes: premièrement par la stabilité monétaire, deuxièmement par la paix sociale entre les entrepreneurs et les employés, spécialement par l'absence de grèves, troisièmement par une politique salariale qui se tient aux limites de la productivité réelle.

Pour connaître la valeur de ces constatations empiriques, il faut bien se rendre compte de la base idéologique sur laquelle ces analyses sont fondées. Les trois suppositions suivantes déterminent le jugement de valeur des économistes: premièrement, le degré de la croissance économique actuelle n'est pas discuté, c'est-à-dire il est accepté comme légitime, on ne pense pas au fait que la capitalisation massive pourrait être, elle aussi, une des causes du chômage puisque l'augmentation de la productivité est considérée comme l'impératif absolu de toute action économique. Deuxièmement, le welfare est considéré uniquement comme phénomène matériel sans qu'on se rende compte des conséquences qui affectent les structures sociales, culturelles et spirituelles. Troisièmement, la norme ou le paramètre est toujours l'économie de marché caractérisée par la concurrence totale. Quoique l'économiste sache bien que la concurrence parfaite n'est pas réalisable, il s'oriente malgré tout vers la concurrence totale, cherchant uniquement des interventions conformes au marché comme si l'économie de marché était l'unique norme d'une économie du bien-être commun.

Face à cette conception, le moraliste et avec lui le Pape se demande comment formuler les exhortations relatives à la doctrine sociale de l'Église. Les économistes protestent quand le Pape dénonce le capitalisme comme cause du mal social. Le Pape devrait-il donc exhorter uniquement les ouvriers à se contenter d'un moindre salaire eu égard à la croissance économique?

Tant que l'économiste ne sort pas de son idéologie, c'est-à-dire aussi longtemps qu'il ne prendra comme point de départ que l'économie de marché, sans considérer la finalité de toute action économique, notamment la bonne vie humaine de toute la société, il n'y aura pas de dialogue possible entre le moraliste et l'économiste. Les économistes protestent quand Jean-Paul II publie l'Encyclique *Laborem exercens* dans laquelle on lit que le travail précède le capital et est la cause de celui-ci. Et quand le Pape, dans l'Encyclique *Centesimus annus* se prononce pour l'économie de marché, les économistes se réjouissent, croyant que l'Encyclique *Laborem exercens* serait maintenant corrigée. Mais les économistes n'ont pas remarqué que l'Encyclique *Centesimus annus* définissait l'économie de marché sur la base de la doctrine de *Laborem exercens*. Ce qui vaut pour la propriété privée vaut également pour l'économie de marché. Les deux sont subordonnées au bien commun, celui-ci étant compris dans toute son ampleur humaine,

matérielle, culturelle et spirituelle. Le travail est une valeur absolue qui a sa place à côté de l'existence humaine. Le travail finalise donc l'économie, tandis que la concurrence économique est seulement un moyen ou une institution à utiliser par rapport à la finalité intégrale de la société humaine. Les économistes doivent donc assigner au travail, c'est-à-dire au plein emploi, une place supérieure à la concurrence. On ne peut pas sacrifier le travail aux lois du marché, comme on doit le faire avec le capital. Pour cette raison, l'Encyclique *Centesimus annus*, en accord avec *Laborem exercens*, insiste sur les conditions préalables de l'économie de marché. Ota Šik a élaboré un projet spécial à ce sujet. Aussi longtemps que nous ne nous consacrons pas à ce problème il nous sera impossible de servir la doctrine sociale de l'Eglise. Il n'y a d'ailleurs pas non plus d'autre possibilité de résoudre le problème actuel du chômage (Une version allemande plus complète de cette contribution figure en annexe à la fin de la discussion).

MALINVAUD

Père, puisque vous venez de vous plaindre de l'attitude des économistes, sans faire entre eux aucune distinction, il me revient sinon de les défendre au moins d'expliquer leur attitude; mais je dois être bref, ce qui m'interdit de nuancer le propos. Je ferai trois remarques.

Premièrement, beaucoup d'économistes n'ont pas de difficulté avec les principes dont s'inspirent et qu'expriment les encycliques sociales. Par exemple, beaucoup d'économistes acceptent depuis longtemps la primauté du travail par rapport au capital. Je ne crois donc pas que *Laborem exercens* ait soulevé la protestation de la profession des économistes qui s'efforcent de faire progresser la science économique.

Secondement, ces économistes étudient l'économie de marché, non en raison d'une préférence idéologique, mais parce que c'est le système adopté presque partout. Il importe dès lors de comprendre comment ce système fonctionne, serait-ce seulement pour en améliorer les performances sociales.

Troisièmement, beaucoup parmi nous ont étudié des "alternatives au capitalisme", souvent avec l'espoir d'y trouver de meilleurs régimes pour l'organisation économique de nos sociétés, ou au moins de découvrir l'idée d'aménagements qu'il serait souhaitable d'apporter à l'économie de marché. De fait, les espoirs ont été plutôt déçus jusqu'à présent, en ce sens qu'aucune des alternatives radicales qui avaient été envisagées ne s'est révélée bonne. Mais dans le vaste cadre de l'économie de marché, il y a place à bien des modalités, et elles sont plus ou moins favorables aux diverses finalités humaines. C'est cela qu'il convient de faire apparaître, sans abuser nos contemporains.

ZAMPETTI

Professor Malinvaud, ho letto con molto interesse la sua relazione che mostra vari spunti anche ai cultori di altre materie per alcune riflessioni. All'inizio aveva detto che il diritto al lavoro ha priorità sugli altri diritti socioeconomici. Ed ancora aveva soggiunto che le teorie economiche mostrano insicurezza per la soluzione del problema dell'occupazione.

Ed allora mi domando: a questo punto che cosa intendiamo per disoccupazione strutturale? Il concetto di struttura (e questo è un punto da chiarire) non appartiene solo al sistema economico, ma si estende al sistema sociale e al sistema politico, tanto è vero che la *Sollicitudo rei socialis* parla di strutture di peccato della società, sia dell'est che dell'ovest. Affrontiamo allora il problema di fondo. Che cosa intendiamo per struttura con riferimento ai tre sistemi, quello sociale, quello economico e quello politico? Soltanto in questa ottica possiamo capire la priorità del diritto al lavoro sugli altri diritti non solo sociali, ma altresì politici.

Per queste ragioni l'elettore disoccupato è un'anomalia in una concezione democratica. Ci possiamo infatti chiedere: in che misura il sistema politico può consentire a ciascun elettore di trovare un posto di lavoro? La democrazia deve essere il volano del sistema economico. Soltanto in questa prospettiva possiamo parlare di priorità del lavoro sul capitale.

Dobbiamo rilevare a questo proposito che nel secolo scorso nello Stato liberale il suffragio era un suffragio censitario i cui titolari erano i proprietari. Quando il sistema politico era retto dal suffragio limitato il capitale aveva priorità sul lavoro. L'estensione del diritto di voto avrebbe dovuto comportare l'estensione, anche se all'inizio solo potenziale, della proprietà a tutti gli elettori. Ciascun elettore deve essere messo in condizione di divenire proprietario. È importante a questo proposito richiamare il concetto enunciato dalla *Laborem exercens* di comproprietà dei mezzi di produzione (diverso dalla proprietà come proprietà di pochi). Tale concetto lega il diritto di proprietà come diritto di tutti, al diritto di voto altrettanto di tutti. Ma per giungere a questo risultato occorre ribadire e sviluppare il principio enunciato nella *Rerum novarum* da Leone XIII per il quale il lavoro è la fonte della proprietà. Diritto elettorale e diritto al lavoro sono per questa ragione interdipendenti. Lavoro inteso come lavoro produttivo che soltanto può permettere la esistenza della proprietà concepita come comproprietà di tutti gli elettori.

Pertanto nella misura in cui viene esteso a tutti il suffragio, il problema dell'assicurazione di un posto di lavoro non ha più soltanto carattere socio-economico, ma diviene, altresì un problema politico-istituzionale. Il concetto di struttura non assume allora unicamente una valenza economica

come quando parliamo di disoccupazione strutturale. Esso ha simultaneamente valenza economica, sociale e politica. Dobbiamo giungere a una interazione tra i tre rispettivi sistemi (economico, sociale e politico) sul piano teorico prima e sul piano pratico poi, se vogliamo cercare di risolvere il problema della disoccupazione. Occorre pertanto estendere il concetto di democrazia, limitato ora al sistema politico, anche al sistema economico e sociale.

MALINVAUD

Je remercie le Professeur Zampetti, qui a annoncé des évolutions à venir. Il faudra voir exactement comment elles seront engagées.

RAMIREZ

President Malinvaud, you made mention about work in relation to wages. I am very much concerned about your statement that too high wages and too low wages would actually cause unemployment. This is something perhaps to take note of, especially in developing societies. In developing societies, we have what we call the minimum wage but we don't have a maximum wage. This causes a lot of imbalance in the economy. I believe the right to work is premised on the right to life. Since people cannot live without an income, then workers should receive a just wage. What is exactly a just wage? Is it possible for governments to regulate wage rates? According to economists, how should wage rates be regulated? I observe that in developing countries like the Philippines, there has been an undervaluing of labor. This causes a lot of migration, even out-migration, causing serious social costs among families, communities and societies. In a global economy, is it possible to standardize wage rates for the same products and service?

MALINVAUD

Votre préoccupation concerne la dispersion des salaires, plutôt que le niveau moyen des salaires. Je comprends très bien que vous vous inquiétiez de constater l'existence dans votre pays de salaires anormalement élevés; je m'en inquiète aussi dans mon pays. Dans de tels cas, la meilleure réponse consiste à recourir aux possibilités offertes par la fiscalité redistributive.

Vous vous préoccupez aussi, et plus encore si je vous comprends bien, de l'existence de salaires misérables. Dans nombre de pays développés, des salaires minimum ont justement pour but d'éviter cela; mais leur niveau doit être fixé en rapport avec la productivité des salariés concernés (je n'ai pas le loisir d'en dire plus à ce sujet, qui pourrait appeler bien des développements).

Vous vous interrogez encore sur l'opportunité d'une politique gouvernementale des salaires, même au niveau mondial. Vous ouvrez là tout un champ de réflexions. Je dirai simplement que les autorités gouvernementales ne sont pas bien placées pour élaborer et savoir gérer des barèmes destinés à s'appliquer aux salaires du secteur privé; l'expérience des pays développés déconseille d'envisager un tel système. *A fortiori* devrait-il en être ainsi si on prétendait introduire de tels barèmes à l'échelle internationale.

BONY

Monsieur le Professeur, votre étude interpelle les ressortissants des Pays en voie de développement.

Vous avez dit quelque chose de très important. En effet, dans votre note 4.2, vous faites remarquer que parmi les Pays en voie de développement, ceux qui ont choisi de s'insérer dans l'économie de marché ont trouvé des solutions à leurs problèmes. J'aurais voulu que vous nous donniez quelques exemples de pays ayant réussi et nous dire les méthodes employées.

S'agissant de l'Afrique Noire, je confirme ce que vous dites. Les pays qui, comme la Côte d'Ivoire, ont choisi l'économie de marché, malgré les variations des cours des matières premières, ont mieux réussi que ceux qui se sont enfermés dans d'autres systèmes.

Aussi je suggère que notre Académie, en plus de ses publications scientifiques, puisse faire quelques recommandations à certains décideurs et dirigeants des Pays en voie de développement.

MALINVAUD

N'étant pas expert des pays en développement, je ne peux faire mieux que vous donner des références à des auteurs mieux qualifiés. En voici deux: P. Guillaumont et S. Guillaumont, eds., *Stratégies de développement comparées: Zone franc et zone hors franc*, Paris, Economica, 1988, particulièrement la partie "Ouverture commerciale sur l'extérieur"; CEPII, *Economie mondiale: la montée des tensions*, Paris, Economica, 1983, particulièrement pages 214 à 240.

ANNEXE I

DEBAT SUR L'EMPLOI EN EUROPE

I. MUSELAY

Incontestablement, c'est le chômage qui constitue l'un de maux les plus graves qui puissent toucher les hommes. En effet, pour la plupart de nous, c'est le travail qui est la voie tracée vers la normalisation de l'existence. C'est par lui que l'on accède au marché des biens et de services; c'est lui qui permet de contribuer à la vie familiale et sociale et c'est lui qui facilite des relations humaines appropriées. Le travail contribue aussi à l'épanouissement de la personnalité de l'homme, de sa culture subjective et objective.

Par contre, le chômage est synonyme d'exclusion et de marginalité, surtout, s'il s'agit de chômage de longue durée. Les chômeurs dont la qualification professionnelle est inférieure, connaissent aussi souvent des problèmes de santé plus importants que ceux de leur catégorie d'âge, les risques des suicides et des décès.

Mr. Malinvaud pose à la fin de son exposé deux questions:

- Quelles seraient les meilleures compensations concrètes en faveur de ceux et celles qui seraient maintenus durablement au chômage?
- Quels seraient les moyens propres à réduire le plus possible l'importance du chômage?

C'est mon intention de réfléchir sur ces deux questions.

Il y a un parallélisme entre les recettes anticrises que l'on a voulu appliquer dans les années trente et celles que nous préconisons aujourd'hui. A cette époque déjà, on a parlé beaucoup des mesures à prendre:

- la réduction du temps de travail;
- les subsides aux entreprises en difficultés;
- l'abaissement de l'âge de la retraite;
- la prolongation de la scolarité;
- l'exclusion des femmes et des immigrés;
- l'embauche par le secteur public;
- des grands travaux d'infrastructure, etc. et tout sur le fond de déficit public.

On croirait revivre, à certains égards, ce qui a déjà été vécu il y a plus de cinquante ans. A certains égards seulement, parce qu'on ne peut pas mettre sur le même pied les chômeurs des années trente et ceux d'aujourd'hui. Perdre le travail revenait alors à prendre un ticket pour le train de la misère. Et puis, l'intervention d'Adolf Hitler nous empêche de savoir ce qu'auraient produit les recettes anticrises que l'on a voulu appliquer entre 1929 et 1940.

Eternel débat sur l'emploi que les dirigeants européens n'ont jamais tranché jusqu'ici, passant de la Charte sociale au Livre Blanc, sans unanimité, ni réelle volonté de se doter des moyens d'action nécessaires, continue. Jacques Delors racontait en 1993 dans une interview au "Nouvel Observateur":

"J'avais proposé un ensemble de mesures pour soutenir la croissance et la compétitivité, donc l'emploi. Tout le monde a applaudi. Mais la Commission européenne s'est heurté à la réticence de la majorité des ministres de l'Economie et des Finances et à l'indifférence de certains chefs d'Etat et de gouvernement".

Michel Camdessus, Président du Fonds Monétaire International, a déclaré dans son exposé aux Grandes Conférences Catholiques à Bruxelles, le 13.2.1996:

"Comme tous les pays de vieilles civilisations, l'Europe a des difficultés à reconnaître le devoir permanent de l'ajustement. Si elle ne met rien en cause, si elle s'assied sur ses droits acquis, elle perdra progressivement sa part dans les affaires du monde et entrera dans une phase de déclin. Si, au contraire, l'Europe accepte de renouveler ses méthodes d'éducation, de formation, de traitement du chômage, si elle consent à adapter ses dispositifs de sécurité sociale, elle sera un acteur gagnant du nouveau monde". (La Libre Belgique, le 14.2.1996, p. 11).

Notre société est en crise. Cette crise a aussi un sens positif. On passe d'un système économique et social révolu à un autre plus solidaire. Le monde nouveau n'est pas encore tout à fait défini. Il faut pour cela un changement des mentalités. La solution au problème du chômage exige la persévérance dans les efforts, mais aussi que chacun de nous se remette en question. La crise actuelle n'est pas seulement économique, mais aussi intellectuelle et morale; une catharsis qui nous oblige de revoir nos conceptions trop matérialistes et nos lignes de conduite égoïstes. Sans cette révision, nos efforts pour combattre le chômage n'aboutiront pas aux résultats escomptés.

Afin d'éviter de nous perdre dans des discussions purement scientifiques, je propose de réfléchir sur les points suivants:

1. Une politique économique de relance basée à la fois sur l'offre et la demande.
2. La réduction du coût du travail routinier.
3. L'aménagement du temps de travail (la flexibilité).
4. La promotion du secteur socio-productif (non marchand).
5. La formation professionnelle continue des travailleurs.

1. Une politique économique de relance basée à la fois sur l'offre et la demande.

L'offre et la demande jouent un rôle déterminant dans la vie économique. Il est essentiel que l'on rétablisse un équilibre relatif entre ces deux facteurs, afin qu'ils puissent convenablement remplir leur fonction. La politique à réconcilier l'offre et la demande n'est pas contradictoire. Ces deux facteurs sont complémentaires. Il ne sert à rien de stimuler la demande, si l'offre ne la suit pas, car on ne récolte alors que l'inflation. Par contre, la mise en place d'instruments susceptibles de stimuler l'offre, risquent d'être sans effet, si la demande est anémique.

Depuis Keynes, les économistes n'ont jamais cessé de débattre la question si l'inflation serait favorable à l'emploi. Mr Tietmeyer explique que la politique monétaire visant à influencer la conjoncture économique ne peut que à court terme seulement stimuler l'accroissement et l'emploi.

En effet, l'inflation agit comme une drogue. Au début, elle stimule bien des capacités, mais ensuite, elle provoque des dérèglements. Le drogué est alors placé devant un choix: ou il renonce aux drogues avec toutes les souffrances que la renonciation implique, ou bien il passe aux drogues dures qui le conduisent à la mort.

Un pays rongé par l'inflation a le choix entre l'hyper-inflation, qui conduit l'économie à des dérèglements, et la stabilisation qui entraîne temporairement un recul des activités et une augmentation du chômage, mais elle constitue la base d'une relance économique prometteuse. La perte d'emploi n'est pas à chercher dans la stabilisation, mais bien dans l'inflation elle-même.

Si on renonce à la stabilité monétaire, le pouvoir d'achat risque de prendre un très sérieux coup; une hausse ultérieure de l'inflation, conséquence de la faiblesse de la monnaie, mène nécessairement à une perte de la compétitivité des entreprises et avant que des mesures ne soient prises, exerce déjà des ravages aussi en matière d'emploi.

Depuis quelques années, l'inflation ne constitue plus un problème majeur pour les pays de l'Union Européenne, tandis que le chômage reste un grand problème, surtout, dans les pays à monnaie faible. Ce sont les Pays-Bas qui, en 1995, sont arrivés à des meilleurs résultats, grâce à leur monnaie forte et à des mesures contre le chômage: — une croissance de 3%; — l'inflation de 1,7% et un taux de chômage de 7,2% (OCDE).

L'Europe est morose, car elle est pleine d'incertitude. Un grand nombre de la population préfère l'épargne à la consommation. Pour stimuler la demande, il faut d'abord susciter la confiance dans l'avenir. La stimulation de la demande par le déficit budgétaire de l'Etat conduit rapidement à l'impasse en raison du gonflement de l'endettement public. Elle mène aussi souvent au déficit extérieur.

En ce qui concerne l'offre, le problème se situe principalement du côté des salaires. Au cours des dernières années, la relation entre le coût du travail et le chômage est devenue évidente. Un coût trop élevé du travail accélère la substitution entre le travail et le capital, le remplacement des hommes par les machines.

En Europe, l'accroissement de la productivité se traduit, presque immédiatement par l'augmentation des salaires, ce qui ne permet pas celle de l'emploi. Dans une situation de plein emploi, cette procédure est idéale. Elle permet un juste partage du progrès; elle correspond aussi à l'enseignement social de l'Eglise. En cas de sous-emploi, elle est cependant mauvaise, car elle rend l'intégration des chômeurs dans le circuit économique presque impossible. A cet égard, le plus grand défi consiste à amener des travailleurs à se montrer solidaires avec leurs camarades moins favorisés.

On sait aussi que la flexibilité démesurée des salaires, elle aussi, entraîne des problèmes concernant une trop grande volatilité de la demande et du volume de l'emploi.

La relance économique suppose aussi un effort coordonné au niveau européen. Les contraintes extérieures sont moins fortes pour l'Europe dans son ensemble que pour chaque pays pris séparément. En effet, le commerce extérieur représente une part nettement moindre pour l'ensemble de l'Europe que pour chaque pays isolé, car la somme des importations ne comprend pas les échanges intra-européens.

2. La réduction du coût de travail routinier.

Il est clair que les tâches routinières sont partout en perte de vitesse. Les travailleurs qui fournissent des activités routinières de production ou des services, sont menacés par l'automatisation et par la concurrence des pays à bas salaires. Etant donné l'accroissement de la population dans les pays en développement, il est prévisible qu'une bonne partie de la population sera toujours disponible à fournir le travail beaucoup moins bien rémunéré et exécuté dans des conditions de travail moins bonnes qu'en Europe.

Les travailleurs non qualifiés sont les principales victimes du chômage aussi pour une autre raison. Le progrès technologique et technique exige des qualifications de plus en plus poussées et exclut les travailleurs qui ne sont pas suffisamment formés.

Il ne faut pas oublier non plus qu'il existe encore des écarts considérables entre les coûts salariaux au sein de l'Union Européenne. Il existe dès lors le danger du «dumping social» ce qui résulte de la possibilité d'exporter l'emploi et d'investir dans les pays où les conditions de travail sont moins contraignantes. Le risque existe que les travailleurs d'un pays perdent leur emploi en faveur de ceux d'un autre pays. Par rapport aux pays de l'Europe centrale, associés à l'Union Européenne, c'est évidemment le cas. Dans ce contexte, les travailleurs des pays de l'Ouest sont sollicités pour une plus grande modération salariale.

L'Association européenne des Syndicats a élaboré un programme social comprenant une longue liste des mesures législatives à prendre au niveau européen concernant notamment la liberté de circulation des travailleurs, des biens et des services ainsi que la démocratie économique, l'intégration industrielle, la durée du temps de travail, le congé parental, la sécurité sociale, le revenu minimum, etc.

Les employeurs, regroupés au sein de l'Union des Industries de l'Union Européenne, acceptent également l'idée d'une Europe sociale, tout en soulignant, que les entreprises doivent garder leur compétitivité et en mettant en garde contre toute charge supplémentaire venant grever davantage la difficile situation de l'emploi en Europe.

A l'égard de la concertation entre les travailleurs et les employeurs européens, l'accord de Maastricht représente une ouverture en matière de la politique sociale, même si cette perspective reste encore purement juridique. Toutefois, l'harmonisation de la législation sociale et des salaires, ne résoudra pas la concurrence des pays à bas salaires.

Pour cela, il faudrait réduire les coûts de travail non qualifié de manière considérable. Des réductions trop limitées ne feraient que retarder le déclin du travail routinier. La diminution des charges sociales pourrait améliorer sensiblement les chances des chômeurs de cette catégorie. Est-ce possible? Il reste évidemment à financer cet effort en prévoyant une série de mesures compensatoires au niveau européen, par exemple, l'harmonisation des régimes fiscaux sur les revenus financiers.

On pourrait aussi dispenser du paiement de cotisations sociales légales dépassant 30% des salaires bruts pour les travailleurs nouvellement engagés bénéficiant d'un salaire minimum obligatoire. Il s'agit d'un facteur «coûts» non négligeable qui pourrait être compensé au niveau de la sécurité sociale par le fait qu'il y aura autant de chômeurs en moins.

3. *L'aménagement du temps de travail (la flexibilité).*

La semaine de travail concentrée du lundi au vendredi n'est plus de règle en Europe. Le travail de nuit s'étend, le travail pendant le week-end et les jours fériés devient monnaie courante, tandis que les rythmes de travail des machines et des personnes sont de plus en plus déconnectés. Confrontés aux impératifs concurrentiels, les entrepreneurs cherchent à réduire leurs coûts en augmentant la durée d'utilisation de leurs équipements et par conséquent, la flexibilité du travail.

Ce mouvement est général en Europe, mais il se manifeste de manière plus ou moins forte selon les pays. En 1994, dans l'Europe des Quinze, quelque 21 millions d'emplois étaient à temps partiel, ce qui représentait environ 15% des emplois. Peu développé dans les pays du Sud, la part du temps partiel s'est accru aux Pays-Bas de 34,8%; au Royaume Uni de 23,8%; et au Danemark de 24%. L'exemple des Pays-Bas est unique en Europe : 64% des femmes travaillent à temps partiel. Dans ce pays, un salarié sur trois travaille à temps partiel.

L'aménagement du temps de travail s'impose pour les entreprises désireuses de ne pas perdre leurs travailleurs pour pouvoir les occuper utilement en cas de relance économique, mais temporairement ne sont pas capables de payer les salaires convenus. On peut naturellement aussi profiter de l'occasion pour recycler ou perfectionner les travailleurs.

La tendance au développement de la flexibilité de travail se heurte souvent aux réglementations officielles et aussi aux accords entre les partenaires sociaux, fondés sur la régularité et le caractère collectif des horaires. A défaut de changement rapide des législations, l'évolution des horaires se joue en priorité au niveau des entreprises.

Voici deux exemples :

1. Face à la proposition de la direction de ne travailler que quatre jours par semaine dès le 1er janvier 1994, avec une perte de salaire de 20%, la majorité des travailleurs de l'usine Volkswagen à Wolfsburg était d'accord. Pour la plupart des travailleurs, il était évident qu'il fallait renoncer à une partie des revenus pour éviter des licenciements.

2. La sidérurgie "Boël" à La Louvière a connu beaucoup de difficultés à raison de sa surcapacité et aussi à cause de la concurrence des pays de l'Europe centrale et orientale mais aussi en raison des tarifs douaniers élevés aux Etats-Unis. En novembre 1993, la direction a pris la décision de licencier la moitié de l'effectif, c'est-à-dire 1.068 travailleurs, ce qui a provoqué la grève qui a duré trois mois. Finalement, on a trouvé une solution acceptable pour tout le monde:

- La réduction du temps de travail de 37 à 36 heures par semaine.
- La diminution des salaires de 3%.
- L'obligation de la direction d'investir jusqu'à l'an 2000 le gain éventuel à la modernisation des installations.

Le résultat: personne ne fut licencié; 350 travailleurs à l'âge de 50 ans et plus furent mis à retraite anticipée.

En période de récession ou d'incertitude, les employeurs hésitent à engager définitivement des travailleurs pour une durée indéterminée. Il faudrait permettre de conclure des contrats temporaires successifs à durée déterminée. En Allemagne,

on a déjà admis une certaine extension de cette possibilité. En Belgique, cette possibilité existe dans le secteur public et aussi dans l'enseignement.

Toutefois, il faut faire attention à ce que la réduction généralisée du temps de travail pourrait augmenter le chômage. La masse des salariés n'est pas homogène en ce qui concerne la qualification. Les travailleurs hautement qualifiés sont difficilement remplaçables, tandis que leurs activités constituent le plus important apport à la productivité. La réduction du temps et du coût de travail pourrait apporter une solution pour l'augmentation de l'emploi concernant les travailleurs non qualifiés.

4. *La promotion du secteur socio-productif (non marchand).*

Mr Remond rappelle dans sa contribution à la session actuelle de notre Académie, la nécessité de redéfinir la notion du travail. La science économique a consacré sa recherche presque exclusivement aux activités marchandes, directement productives en rapport avec la production des biens matériels et le critère de la rentabilité était déterminant. Selon son avis, à ce critère trop étroit, il faudrait substituer celui de l'utilité sociale.

En effet, dans notre société, il y a beaucoup de besoins réels et souvent urgents qui ne sont pas satisfaits. Je pense d'abord à la large tranche de la population âgée. Celle-ci connaît de sérieux problèmes d'autonomie et d'isolement. Cette population toujours croissante éprouve beaucoup de peine à faire appel aux services d'aide de sa commune, peut-être parce qu'elle dispose de revenus élevés et ainsi elle n'est pas considérée comme nécessiteuse. Le secteur socio-productif pourrait apporter une solution convenable à ce problème.

Il y a aussi des besoins non satisfaits en ce qui concerne des ménages, la garde d'enfants avant et après d'école, le soin palliatif des malades et des vieillards, les services des migrants, des réfugiés et les services sociaux de tous genres.

Tout le monde s'entend à dire qu'il faut intégrer au maximum dans le circuit de travail surtout des chômeurs de longue durée. A cet égard, n'est il pas incroyable que la société ait un grand nombre de besoins qui ne sont pas rencontrés, alors que l'on continue à payer des milliers de personnes en leur interdisant de travailler? Il faut que les chômeurs de longue durée puissent exécuter, après une formation adaptée à cet effet, temporairement, un travail dans le secteur socio-productif public ou privé.

Les bénéfices sociaux seraient multiples:

- la prévention de l'exclusion et de la marginalité;
- l'intéressé reste actif jusqu'à ce qu'il trouve un emploi stable;
- il peut acquérir une expérience utile;
- il a le sentiment personnel qu'en échange de ce qu'il touche, il y a une prestation en contrepartie socialement valorisée;
- cette mesure pourrait aussi favoriser la lutte contre le travail noir;
- on pourrait convertir des milliards d'allocations de chômage, au moins partiellement, en recourant au service à la collectivité.

Mr Malinvaud mentionne dans son exposé des expériences menées en Belgique dans le secteur socio-productif. En 1973, 6% de la population active était

employée dans ce secteur; en 1990 déjà 14%. La contribution de ce secteur au PIB était de 10%. Le financement de ce secteur était assuré pour 43% par le pouvoir public, pour 39% par la cotisation sociale et 18% par les particuliers. Près d'un tiers des dépenses de ce secteur est retourné au pouvoir public (T.V.A., etc.)

Aussi la revalorisation de l'éducation des enfants et du travail ménager s'impose. Il ne s'agit pas de revenir en arrière et de renvoyer les femmes à la cuisine. L'accès des femmes au travail professionnel constitue un progrès, ce qui est reconnu aussi par l'enseignement social de l'Eglise. L'objectif est une plus grande liberté de choix pour la mère et aussi pour le père de famille. Il convient de les encourager de consacrer davantage de temps à l'éducation des enfants. Si la délinquance juvénile est ce qu'elle est, n'est-ce pas du au moins en partie à ce que les parents sont moins disponibles?

On pourrait trouver une bonne raison d'accélérer les efforts en vue d'un meilleur aménagement du temps de travail tant pour la mère que pour le père de famille. Il est indiscutable que l'arrivée de femmes en masse au marché de travail, au cours de derniers quarante ans, a aggravé la situation concernant le chômage. Beaucoup de métiers sont pour les femmes moins valorisants que celui de mère de famille. Je rappelle à nouveau qu'aux Pays-Bas 64% de femmes travaillent à mi-temps.

Le budget consacré à une allocation pour la mère ou pour le père de famille pourrait être largement compensé par des économies réalisées ailleurs. Et pourquoi ne pas compléter l'allocation accordée à la mère ou au père au foyer par des mesures positives à permettre leur réinsertion dans le circuit professionnel une fois les enfants élevés?

5. La formation professionnelle continue des travailleurs.

Etant donné le progrès rapide de la technologie et de la technique, la formation professionnelle continue des travailleurs est indispensable. Il s'agit tout d'abord de la formation des travailleurs peu qualifiés et de la formation en cas de restructuration, mais aussi de la formation ultérieure des personnes qualifiées.

La formation est surtout problématique dans les PME qui éprouvent des difficultés à envoyer certains membres du personnel en formation, parce qu'ils sont indispensables. Les remplaçants pourraient être soit des chômeurs demandeurs d'emploi et formés pour cet emploi temporaire (ce qui se fait au Danemark), soit encore des travailleurs intérimaires (comme en Belgique).

En ce qui concerne la formation des jeunes, celle que nous connaissons actuellement en Europe est trop stéréotypée, axée sur la gestion d'une entreprise telle qu'elle existait dans le passé. L'entreprise fut considérée comme une armée ayant à sa tête un commandant. L'unité de commandement était un principe inviolable et la devise: Exécution sans réflexion... Ce modèle d'entreprise est désuet, sauf pour les opérations purement routinières, n'apportant que peu ou pas de valeur ajoutée.

L'avenir appartient aux entreprises qui pratiquent l'égalité fonctionnelle entre tous les collaborateurs, chacun pouvant être sollicité à apporter sa contribution à une recherche collective de solutions, à l'accomplissement d'une mission et à un engagement d'autant plus motivé que tous se sentent également concernés.

C'est cet objectif que devrait poursuivre la formation des jeunes.

ANNEX II

DAS PROBLEM DER ARBEITSLOSIGKEIT — ÖKONOMISCH
UND ETHISCH GESEHEN

ARTHUR F. UTZ

1. DIE ARBEITSLOSIGKEIT AUS DER SICHT DES ÖKONOMEN

Das Modell der vollkommenen Konkurrenz

Die Wirtschaft ist die gesellschaftliche Tätigkeit mit dem Ziel der Bereitstellung der materiellen Güter im Sinn der allgemeinen Wohlfahrt. Dem Ökonomen obliegt dabei die Aufgabe, unter Berücksichtigung der rationalen, d.h. sparsamen Nutzung der Ressourcen für eine möglichst reichhaltige Bereitstellung jener materiellen Güter zu sorgen, die der allgemeinen Wohlfahrt dienen. Die Definition der Wohlfahrt wird hierbei vom Ökonomen nicht vorgenommen. Er überläßt dieses Geschäft der Ethik oder der politischen Entscheidung. Er bemüht sich in der theoretischen Bewältigung einfach um die Rationalität und das materielle Wachstum in der Gesellschaft im allgemeinen. Dies ist sein Vorteil, zugleich aber auch seine Schwäche, sein Vorteil, weil er damit ein kompaktes, logisch konsistentes Bild der sozialökonomischen Beziehungen zu bieten vermag, seine Schwäche, weil dieser Entwurf nie realisierbar ist.

Da die rationale Nutzung der Ressourcen, wie die allgemeine Erfahrung beweist, vom individuellen Interesse abhängt, ist der Ökonom gezwungen, einen individualistischen Standpunkt einzunehmen. Es sind die vielen einzelnen Nachfragenden, welche die Produktion bestimmen. Und es sind die vielen einzelnen Produzenten, die, um in der Konkurrenz bestehen zu können, die Kosten möglichst tief halten, d.h. rational produzieren. Die Konkurrenz zwingt auch die Unternehmer, Gewinne anzustreben, um das Unternehmen weiter zu entwickeln.

Gemäß dem Modell der vollkommenen Konkurrenz erübrigt sich die Frage nach der allgemeinen Wohlfahrt, d.h. die Frage nach der gerechten Verteilung des Wirtschaftsergebnisses. Es gibt in der vollkommenen Konkurrenz keine konjunkturelle Arbeitslosigkeit. Die Gesamtheit der Arbeitsfähigen und Arbeitswilligen findet einen Arbeitsplatz. Es kann einzig eine friktionelle Arbeitslosigkeit geben, die im Grunde nur jene Arbeitskräfte erfaßt, die ihren bisherigen Arbeitsplatz verlassen und einen neuen suchen. Diese friktionelle Arbeitslosigkeit kann außer im Fall des freien Arbeitsplatzwechsels auch dann entstehen, wenn ein Unternehmer seinen Betrieb intensiver mechanisiert, also kapitalisiert oder im Zug der Konkurrenz bankrott ist. Doch ist die so entstehende Arbeitslosigkeit im Rahmen der vollkommenen Konkurrenz nur eine vorübergehende Erscheinung. Bei wach-

sender Bevölkerungszahl und damit bei wachsendem Angebot von Arbeit sinken von selbst die Löhne nach dem Gesetz der Konkurrenz. Doch bleibt das Gleichgewicht von Angebot und Nachfrage aufrecht erhalten, denn das Angebot von Produkten richtet sich nach der neu entstandenen kaufkräftigen Nachfrage.

Die Mischwirtschaft — die unvollkommene Konkurrenz

Jeder Ökonom weiß heute, daß es die vollkommene Konkurrenz nicht gibt. Dennoch orientiert er sich in seinen wirtschaftspolitischen Anweisungen weiterhin an diesem Modell. Wenn z.B. die Gewerkschaften ihre Lohnforderungen zu hoch schrauben, wie dies heute der Fall ist, verlangen die Unternehmer eine Öffnung des Arbeitsmarktes. Arbeiter aus Billiglohnländern sollen hereinströmen können, um das Lohnniveau tief zu halten. Wenn diese Immigration von Arbeitern politisch nicht möglich ist, lassen die Unternehmer bestimmte Produkte im Ausland produzieren oder verlagern das Unternehmen ins Ausland. Dadurch entsteht natürlich im eigenen Land Arbeitslosigkeit. Der Ökonom rechtfertigt diese Politik mit dem Hinweis, daß auf diese Weise ärmeren Ländern geholfen werde.

E. Malinvaud bezieht sich im Hinblick auf die Wirtschaft mit unvollkommenem Wettbewerb die friktionelle Arbeitslosigkeit für Europa und die vergleichbaren Wirtschaften auf 5% der Arbeitsfähigen.¹ Unter Umständen muß man die obere Grenze der friktionellen Arbeitslosigkeit bereits tiefer ansetzen. Die Arbeitslosenquote der Schweiz war (1992) "nur" 2,5%. Diese wurde aber bereits als sehr beunruhigend beurteilt. Diese Unruhe war berechtigt, denn 1993 stieg sie bereits auf 4,5%. Entscheidend ist die Quote der Langzeitarbeitslosen und ihre Tendenz.

Die Ökonomen gehen nun näher der Frage nach, welche Ursachen in der heutigen Wirtschaft, vor allem der Industrieländer, für die Arbeitslosigkeit verantwortlich sind. Teilweise wird die stabile Währung dafür verantwortlich gemacht. Es wird erklärt, daß eine Lockerung der Währung den Absatz von Gütern in andere Länder erleichtert würde. Von der Seite der Keynesianer wird das potentiell zu hohe Angebot im Vergleich zur effektiven Nachfrage signalisiert. Andererseits wird auf zu hohe Löhne hingewiesen, welche die Rentabilität der Produktion verhindern. Man verlangt mehr Flexibilität der Löhne, einen geringeren Kündigungsschutz des Arbeitnehmers. Ja, man möchte sogar die Mobilität der Arbeitskräfte der des Kapitals angleichen, um auf diese Weise den Wettbewerb zu globalisieren.

Eine beachtenswerte Untersuchung hat die Bertelsmann-Stiftung herausgebracht.² Die Arbeitslosigkeit von 17 Nationen (1968-1994) wird dargestellt und nach ihren Ursachen klassiert. Die beschäftigungspolitischen Strategien werden in vier Gruppen eingeteilt: 1. Stabilitätsorientierte Marktwirtschaften (Japan, Schweiz, BRD, Österreich, und zuletzt USA), 2. Beschäftigungspolitisch aktive Wohlfahrts-

¹ Le chômage dans les économies mixtes: évitable ou non? In: Artikel, verfaßt für das Symposium der Päpstlichen Akademie der Sozialwissenschaften in Rom, März 1996, S. 2.

² Beschäftigungspolitik im internationalem Vergleich, Landes-Ranking 1980-1993, hrsg. von Stefan Huckermann und Ulrich van Suntum, Gütersloh 1994. 197 Seiten.

staaten (Schweden, Norwegen, Portugal), 3. Volkswirtschaften mit gravierenden Verteilungskonflikten (Großbritannien, Kanada, Italien, Australien, Spanien), 4. Beschäftigungspolitisch passive Wohlfahrtsstaaten (Dänemark, Niederlande, Belgien, Frankreich). Die Verfasser der Studie waren sich in ihrer Urteilsbildung bewußt, daß man die Beschäftigungsstrategien nicht nur nach ihrem Effekt auf den Arbeitsmarkt, sondern auch im Hinblick auf ihre Nebenwirkungen abwägen muß. Schweden und Norwegen waren beschäftigungspolitisch sehr erfolgreich, aber sie mußten empfindliche Effizienzeinbußen und Ausgabenlasten in Kauf nehmen. Immerhin belehren sie die Staaten mit einem unbegrenzten Freiheitspathos, daß beim Zahlen von Arbeitslosenunterstützung strenge Kontrolle und auch ein gewisser Druck zur Übernahme einer neuen Arbeit angezeigt sind, um Mißbrauch zu verhindern. Unter Berücksichtigung sämtlicher einschlägigen Aspekte stellen die Autoren fest, daß jene Länder die geringste Arbeitslosigkeit aufweisen, in denen 1. auf stabile Währung geachtet wird, 2. der soziale Friede herrscht (keine Streiks) und 3. die Lohnbildung der realen Wirtschaft entspricht, das heißt nicht zu hoch ist. Von diesem Gesichtswinkel aus stehen Japan und die Schweiz an oberster Stelle. Allerdings muß man bei der Schweiz noch die Tatsache in Erwägung ziehen, daß die Schweiz mit ihrem Fremdarbeiterstatut eine beträchtliche Zahl von Arbeitslosen exportiert.

Da die Verteilungsgerechtigkeit sich in der gemischten Wirtschaft nicht automatisch bildet wie im Modell der vollkommenen Konkurrenz, plädiert der sozial eingestellte Ökonom zusätzlich zur ersten Einkommensverteilung, die durch den Markt bestimmt wird, für eine zweite, d.h. soziale Einkommensverteilung, durch die vor allem jene, die am Wirtschaftsprozess nicht teilnehmen können, gestützt werden. Zur zweiten Einkommensverteilung gehören die sozialen Institutionen wie Familienzulage, Altersversicherung usw., die teilweise durch die Lohnnebenkosten finanziert werden. Die sogenannte Soziale Marktwirtschaft hat unter dem Druck der Gewerkschaften diesen Sektor besonders ausgebaut. Er ist aber inzwischen so umfangreich geworden, daß er die Marktwirtschaft lähmt.

Heute findet sich die zweite Einkommensverteilung in allen marktwirtschaftlichen Programmen, jeweils mit verschiedenem Gewicht. Ökonomen, die sich intensiver am Modell der vollkommenen Konkurrenz orientieren, verlegen den Hauptteil der sozialen Anliegen in den Privatsektor (private Altersvorsorge, karitative Tätigkeit usw.).³

Die Logik der Ökonomen — der Zirkelschluß in der Wirklichkeit

Die Arbeitslosigkeit ist, wie man sieht, ein Problem der ersten Einkommensbildung. Und diese wird vom Ökonomen immer von der vollkommenen

³ Vgl. hierzu: A.F. Utz, Nationalökonomien vor dem Forum der Ethik. In: Die Neue Ordnung, 49. Jg., 1995, 422-436. Der Artikel bespricht die verschiedenen Autoren, die einen vom Päpstlichen Rat *Justitia et Pax* aufgestellten Fragebogen über das Verhältnis von Wirtschaft und Ethik beantworteten: *Social and Ethical Aspects of Economics*, Vatican City, 1992. Deutsche Ausgabe: Gesellschaftliche und ethische Aspekte der Ökonomie, Ein Kolloquium im Vatikan, 1. April 1993. Hrsg. vom Sekretariat der Deutschen Bischofskonferenz, Bonn 1995.

Konkurrenz aus gesehen. Es wird überlegt, wo die Ursachen dafür liegen können, daß Angebot und Nachfrage sich nicht die Waage halten. Da im Modell der vollkommenen Konkurrenz die stabile Währung vorausgesetzt wird, konzentriert sich der Blick auf die Nachfrageseite, denn die Angebotsseite kann gemäß den Ökonomen nicht schuld sein, da die Unternehmer, um die hohen Lohnkosten zu vermeiden, die Kapitalisierung intensivieren müssen, wo es nur immer möglich ist. Konsequenterweise werden die Arbeitnehmer mit ihren hohen Lohnforderungen als hauptsächliche Verursacher der Arbeitslosigkeit angesehen. Darum wird beinahe in allen wirtschaftswissenschaftlichen Analysen der Finger auf die Lohnbildung gelegt. Die Arbeitnehmer ihrerseits erklären, sich auf Keynes stützend, die Nachfrage müsse durch höhere Löhne belebt werden.

Bei dieser Sachlage fragt man sich, was nun der Ethiker der Gesellschaft als Mahnung vortragen soll. Fest steht aus der Erfahrung, daß man auf die Stabilität der Währung zu achten hat und daß der Arbeitsfriede gewahrt werden muß, somit auf Streik zu verzichten ist, weil dieser nur Kosten verursacht. Soll nun der Ethiker die Unternehmer auffordern, zugunsten der Arbeitsintensität weniger zu kapitalisieren, und die Arbeitnehmer ermahnen, die Lohnforderungen zurückzuschrauben? Das Erste würde von den Unternehmern und Ökonomen mit dem Hinweis abgelehnt, daß dadurch das Wachstum und somit auch der Wohlstand gebremst und die Konkurrenz auf internationaler Ebene verunmöglicht würden. Das Zweite würde von den Arbeitnehmern abgelehnt, weil sie in ihrem bereits erworbenen Lebensstandard zurückgeworfen würden.

Aus diesem Dilemma folgt: Der Ethiker kann mit der empirischen Analyse nichts oder nur unter der Bedingung eines neuen Denkansatzes etwas anfangen, d.h. unter Voraussetzung einer anders definierten Wirtschaftsordnung. Es genügt offenbar nicht, nur vom Konzept einer allgemeinen Wettbewerbsordnung auszugehen. Solange nämlich der Wettbewerb der oberste, absolut geltende Parameter für ein Werturteil über eine konkrete Sachlage ist, ist eine Sanierung nicht möglich. Dem Ethiker wie ähnlich dem Papst in seinen Sozialenzykliken bleibt so nur die Möglichkeit, weiterhin dieser Welt die Forderung einzuhämmern, daß alle Wirtschaften im Westen wie im Osten die Pflicht haben, auf Vollbeschäftigung zu achten, das heißt, er ist gezwungen, sich mit der altgewohnten und von den Ökonomen stets kritisierten Formulierung zu begnügen, daß sowohl der liberale Kapitalismus wie der Sozialismus den Forderungen der katholischen Soziallehre widersprechen. Damit ist natürlich der wunde Punkt der wirtschaftswissenschaftlichen Interpretation der Arbeitslosigkeit nicht berührt. Um diesem näher zu kommen, muß sich der Ökonom bemühen, den ethischen Ansatz ökonomischen Denkens zur Kenntnis zu nehmen, in dem die Vollbeschäftigung an oberster Stelle steht und nicht erst eine Folgerung aus dem vollkommenen Wettbewerb ist. Solange die Ökonomen in die Rahmenordnung der freien Wirtschaft nur die Regeln des Wettbewerbs aufnehmen und vor lauter Angst vor der Planwirtschaft sich weigern, über die apriorischen Vorgaben des Wettbewerbs zu diskutieren, gibt es keinen Dialog über die Arbeitslosigkeit zwischen dem Ökonomen und dem Ethiker. Dies gilt auch für den Dialog des Ökonomen mit der katholischen Soziallehre. Die päpstlichen Verlautbarungen setzen alle beim ethischen Apriori an, wie dies eindeutig aus Laborem exercens her vorgeht. Die Befürwortung der Marktwirtschaft in Centesimus annus will und kann auf die Ethik der Arbeit von Laborem exercens nicht verzichten.

2. DIE ARBEITSLOSIGKEIT AUS ETHISCHER SICHT

Der fundamentale Unterschied in der Definition der Arbeit

Für den Sozialethiker ist Arbeit zuerst Schaffung eines sozialen Wertes, wobei die Bezahlung nur potentiell, nicht aber wesentlich ausgesprochen ist. Das heißt: In jedem wirtschafts- und sozialpolitischen Programm, in dem von der bezahlten Arbeit (Lohnarbeit) die Rede ist, darf der Bereich der nicht-bezahlten Arbeit nicht übergangen werden. Die oberste und allgemeinste sozialethische Formulierung der Vollbeschäftigung heißt: Jeder Mensch hat entsprechend seiner Leistungsfähigkeit den Anspruch auf Integration in die gesamt-gesellschaftliche Wertschöpfung. Die nach der Tauschgerechtigkeit bezahlte Arbeit ist eine Anwendung dieser allgemeinen Definition der Arbeit auf die Marktwirtschaft, in der das Prinzip "do ut des" gilt. Der Bereich der nicht-bezahlten Arbeit ist darum in jedem Programm der Arbeitsbeschaffung mitzudenken. Der Ökonom denkt stets an die für die Gesellschaft entstehenden Kosten. Der Sozialethiker dagegen denkt an die zu schaffenden sozialen Werte, die oft und überwiegend mit Geld nicht abgegolten werden können, ohne die aber die Gesellschaft und auch die Wirtschaft selbst keinen Bestand hätten. Man denke nur an die Familie, im besonderen an die Leistungen der Mutter. Eine gesunde Gesellschaft ist ohne gesunde Familien nicht denkbar. In bestimmten Umständen und unter bestimmten Bedingungen verlangt die unbezahlte Arbeit auch eine geldliche Anerkennung (Alterssicherung der Familienmutter, besonders der allein erziehenden Mutter). Dieser innere Zusammenhang zwischen nicht-bezahlter Arbeit und Lohnarbeit muß auch bei der Forderung nach dem gleichen Recht von Mann und Frau auf Lohnarbeit beachtet werden. Die Mißachtung dieses Zusammenhangs würde zur Aushöhlung der Familie nach marxistischem Muster führen. Um diese verhängnisvolle Folge abzuriegeln, bedarf es nicht nur einer Neuorientierung des Wertbewußtseins der Gesellschaft, sondern auch einer finanziellen Stärkung der Familie.

Kritik des Ausgangspunktes der Ökonomen

Der Ökonom ist von der Idee bestimmt, daß es zwischen dem liberalen Kapitalismus und dem Sozialismus nur eine einzige Alternative als Dritten Weg gebe, nämlich die sogenannte Soziale Marktwirtschaft, welche die Einkommensbildung in zwei Teile trennt: die erste Einkommensbildung auf dem Weg über den Marktmechanismus und die zweite abseits des Marktmechanismus im Sinn einer sozialen Zugabe.

Der empirische Ansatz der Ökonomen schließt folgende ethischen Werturteile ein: 1. Das materielle Wachstum wird als absolut geltendes Ziel betrachtet, d.h. es wird nicht zur Kenntnis genommen, daß das Wachstum in ethischer Relation zum Menschen steht und unter Umständen einer Begrenzung unterliegt. 2. Der augenblickliche Lebensstandard wird als ethisch gerechtfertigte Basis benützt, wenn von Wachstum die Rede ist.

Das materielle Wachstum ist für den Ökonomen unbegrenzt. Jegliche Wirtschaft wird darum nach dem Grad des materiellen Wachstums taxiert. Die aus diesem Wachstum entstehenden sozialen Ungleichheiten werden erst in zweiter

Linie, wie wir gesehen haben, durch die zweite Einkommensverteilung bereinigt. Je kapitalintensiver eine Wirtschaft wird, um so mehr Arbeitskräfte werden freigesetzt. Bislang hat der Ökonom an dieser Arbeitslosigkeit nichts Erschreckendes gefunden, weil er der Überzeugung war, daß beim nächsten Konjunkturaufschwung, in dem sich neue Absatzmärkte auftun, die freigewordenen Arbeitskräfte ohne weiteres einen neuen Arbeitsplatz finden werden. Diese Hoffnung hat sich aber nicht bewahrheitet.

Der Philosoph hat hierfür eine Erklärung. Die Kapitalisierung, die sich nur auf das materielle Wachstum einstellt, muß einmal an jene Grenzen stoßen, an der nur noch wenige Arbeit finden können. Das hat bereits K. Marx erkannt. Dies gilt auf jeden Fall für eine geschlossene Wirtschaft. In der Tat bilden die reicheren, industrialisierten Länder zusammen einen geschlossenen Markt. Die Entwicklungsländer können die hochentwickelten Produkte nicht kaufen. Man mag ihnen Kapital zuführen, damit sie mit den reichen Ländern in Konkurrenz treten können, was für sie aber wohl bedeuten würde, daß sie sich noch mehr zur Zweiklassengesellschaft entwickeln würden. Der Arbeitsmarkt der gesättigten Länder würde sich jedenfalls nicht erweitern. Das heißt, ihre Arbeitslosigkeit würde nicht vermindert, im Gegenteil im Zug der Kapitalisierung noch vermehrt, es sei denn, daß die Arbeitnehmer mit laufend sinkenden Löhnen zufrieden wären. Aber das würde die Nachfrage abschwächen. Und zudem würden die Kosten der zweiten Einkommensverteilung wachsen. Soziale Turbulenzen würden unvermeidlich sein.

Die zweite Feststellung, welche der Ethiker an den Ausführungen der Ökonomen kritisiert, ist die Annahme, daß der aktuelle Stand der Wohlfahrt Grundlage für das Problem des Wachstums sein müsse. De facto erklären die Ökonomen selbst, daß die Arbeitnehmer zu hohe Löhne gefordert hätten. Das heißt doch nichts anderes, als daß sie sich mit einem geringeren Stand der Wohlfahrt hätten zufriedengeben müssen. Dieser Vorwurf beweist, daß die Ökonomen sich in einen Widerspruch verwickeln. Man kann nicht einerseits im Interesse der größeren Nachfrage und somit des Wohlfahrtswachstums den Konsum animieren und andererseits eine sparsamere Lebenshaltung verlangen. Der bereits errungene Wohlstand war nur möglich aufgrund überzogener Löhne.

Hier liegt das eigentliche Problem in der Bestimmung des wirtschaftlichen Wachstums. Das Wachstum und mit ihm die Wohlfahrt müssen zusammen mit ihren sozialen und moralischen Komponenten bestimmt werden. Der Ökonom ist an einem möglichst hohen Konsum interessiert, weil Konsum Nachfrage schafft und damit ein höheres Angebot erfordert, das zur Gründung neuer Arbeitsplätze führt. Andererseits braucht die Wirtschaft auch Kapital. Das aber könnte durch die Gewinne erbracht werden, die auf diese Weise zur Eigenfinanzierung der Unternehmen führen. Nun sind die Ökonomen im Hinblick auf die Wettbewerbsfunktion des Kreditmarktes mit einer allseitigen Eigenfinanzierung auch wieder nicht zufrieden. Wo liegt nun die Mitte? Auf jeden Fall ist einsichtig, daß die Stimulierung des Konsums, wie wir sie heute erleben, für die in ihrer vollmenschlichen Dimension verstandene Wohlfahrt höchst schädlich ist. Sie treibt die Lohnforderungen in die Höhe und schafft damit, wie festgestellt wurde, Arbeitslosigkeit. Ein Blick auf den heutigen Tourismus und allgemein auf die Freizeitindustrie genügt, um zu erkennen, wie widersinnig das heutige Verständnis von Wohlfahrt ist, von den damit verbundenen ökologischen Schäden nicht zu reden.

Die ethischen Grenzen des wirtschaftlichen Wachstums und der Wohlfahrtsmehrung

Als absolute Vorgaben jeder Wirtschaftsordnung haben die Forderungen der Vollbeschäftigung und der gerechten Verteilung von Einkommen und Vermögen zu gelten. Es gibt also einen Begriff der Verteilung, der vor der Produktion angesiedelt ist. Alle anderen Forderungen, wie z.B. die eines geordneten Wettbewerbs, ergeben sich erst auf der Ebene, auf der darüber entschieden wird, gemäß welcher Handlungsordnung der rationale Umgang mit den materiellen Gütern gesichert werden kann.

Das materielle Wachstum einer Wirtschaft findet seine erste Grenze bei der Gefährdung der Vollbeschäftigung. Daß diese Forderung die rein funktionelle Arbeitslosigkeit nicht ausschließt, wurde bereits gesagt. Die funktionelle Arbeitslosigkeit darf aber die Grenze nicht überschreiten, an der sie zu einer massiven Arbeitslosigkeit würde. Sobald sie den Grad erreicht, an dem eine große Zahl von Arbeitswilligen auf Dauer ausgeschlossen wird, wirkt sie ruinierend auf die soziale Ordnung, ganz abgesehen davon, daß die Inkaufnahme einer massiven Arbeitslosigkeit auch aus rein wirtschaftlichem Grund, nämlich wegen der damit verbundenen hohen Kosten, eine Unklugheit ist.

Natürlich kann eine Wirtschaft, die sich an das Postulat der Vollbeschäftigung hält, kein so hohes materielles Wachstum bewirken wie eine Wirtschaft, die nur auf den materiellen Zuwachs eingestellt ist. Doch was nützt ein hohes Sozialprodukt, wenn es schlecht verteilt ist? Gewiß, der internationale Wettbewerb zwingt den Unternehmer zur rücksichtslosen Rationalisierung. Aber auch er wird eines Tages an die menschlichen Grenzen stoßen, an denen er zusammenbricht. Die Anzeichen sind bereits vernehmbar. Eine nationale Wirtschaft, die sich an den Imperativ der Vollbeschäftigung hält, muß mit materiellen Einbußen in der Wohlfahrt rechnen. Diese aber werden ausgeglichen durch den sozialen Frieden und den moralischen Hochstand der Gesellschaft. Beide machen sich schließlich auch ökonomisch bezahlt. Man denke nur an die hohen Kosten, die eine moralisch zerrüttete Gesellschaft in Kauf nehmen muß (Polizeiwesen, Drogenproblem, wirtschaftliche Verbrechen verschiedenster Art, nicht zuletzt die Steuerhinterziehung usw.).

In der aristotelischen Ethik wird die Tugendmitte als Grundforderung der moralischen Klugheit gepriesen. Auch im Bestreben nach Wachstum sollte man die goldene Regel der Tugendmitte befolgen. Nicht die Steigerung des Konsums, durch die nach Ansicht der Ökonomen der wirtschaftliche Kreislauf beschleunigt werden soll, ist die Norm einer humanen Wohlfahrt, sondern die Beherrschung der Konsumwünsche im Sinn der moralischen Klugheit. Erneut ist an dieser Stelle festzustellen, daß wirtschaftliches Denken nicht mit der vollkommenen Konkurrenz beginnen darf. Die christliche Moral besteht auf der Pflicht der einfachen und bescheidenen Lebensführung. Diese ist nicht nur im Hinblick auf die eigene Vervollkommenung in der Nachfolge Christi gefordert, sondern auch im Hinblick auf die Pflichten gegenüber dem Nächsten. Die Sparsamkeit gehört darum mit zur christlichen Lebensführung. Der Christ spart nicht nur für sich, sondern auch zugunsten des Mitmenschen, ganz abgesehen von der ökologischen Forderung des sparsamen Umganges mit der Natur. Bei der Investition denkt er nicht nur an seine Unterhaltssorge, sondern auch an die Nöte der Entwicklungsländer. Der Christ kann sich darum mit der Aufforderung des Ökonomen zum Konsum zur Hebung der Nachfrage nicht befreunden.

Nun erklärt der Ökonom, daß das Kennzeichen der modernen Gesellschaftsordnung die individuelle Freiheit auf allen Gebieten sei, diese aber heiße im wirtschaftlichen Bereich Konsumfreiheit. Aus dem Postulat der Konsumfreiheit folge die Produktionsfreiheit. Und um diese rational zu gestalten, dazu diene die Konkurrenz. Darum gebe es grundsätzlich nur eine ungeteilte Marktwirtschaft nach dem Modell der vollkommenen Konkurrenz. Alle anderen freiheitlichen Wirtschaftsordnungen seien Ableitungen davon.

Das ist die typisch liberale Argumentation, der im Prinzip auch die Vertreter der Sozialen Marktwirtschaft folgen, nur mit dem Zusatz der zweiten Einkommensverteilung.

Der fundamentale Denkfehler der modernen Gesellschaftslehre

Der grundsätzliche Denkfehler der modernen Gesellschaftslehren seit Kant und Hegel liegt im erkenntnistheoretischen Idealismus, d.h. in der Idealisierung oder Typisierung eines speziellen Gesichtspunktes der Wirklichkeit. Daraus wird ein Denksystem entfaltet, das als solches keine Aussicht auf Verwirklichung hat. Hegel hat den Begriff der Ganzheit, der in der gesellschaftlichen Wirklichkeit liegt, zum System des Kollektivismus ausgebaut, den dann Marx materialisiert und in die Form des Kommunismus gebracht hat. Kant hat die Freiheit des Individuums formalisiert mit der Konsequenz, daß man den Staat nur als absolute, d.h. wertfreie Demokratie verstehen kann. Auf dem Gebiet des Rechts hat Kelsen in seiner Reinen Rechtslehre die Idee des Rechts als System typisiert, das auf jede staatliche Organisationsform anwendbar ist, sei es die Demokratie oder die Diktatur.

Der Ökonom interpretiert den Begriff der Rationalität als Wahl des billigsten Mittels zur Produktion jeglichen materiellen Objektes, das der Zielsetzung des Menschen dient (Nutzleistung). Um welches Ziel und welchen Nutzen es sich dabei handelt; wird der Nachfrage überlassen, wobei aber nur auf die aktuell kaufkräftige Nachfrage abgestellt wird, ohne an die überwiegende Zahl von Menschen zu denken, die ihre natürliche Leistungsfähigkeit nicht durch Arbeit aktualisieren können, um in den Kreis der Nachfragenden einzutreten. Auch das ist Idealismus, denn das reale Ziel des Menschen ist in allgemeiner Form durch die Natur des Menschen vorgegeben. Die Ignorierung dieser vorgegebenen Finalität kann auf lange Sicht nur im Chaos enden. Das Modell der vollkommenen Konkurrenz ist darum per definitionem irreell, nicht erst, wie der Ökonom meint, aufgrund von irgendwelcher praktischen Erfahrung. Es ist daher an der Zeit, sich endgültig von diesem Modell zu trennen, wie P. J. Hammond zu Recht betont.⁴ Es wäre daher besser, die Marktwirtschaft nicht als Konkurrenzwirtschaft zu definieren, sondern als jene Wirtschaft, die mittels der privaten Eigentumsordnung das Ziel der gerechten Verteilung von Einkommen und Vermögen zum Nutzen aller verwirklichen soll. Hierbei spielt natürlich das individuelle Interesse eine entscheidende Rolle, aber stets orientiert am Ziel. Das heißt konkret: soviel Freiheit und Markt

⁴ Vgl. die in Fußnote 2 erwähnte Besprechung zur Veröffentlichung von *Justitia et Pax*, S. 426-428.

als möglich im Sinn der gerechten Verteilung, und zwar der globalen, d.h. auf die gesamte Menschheit bezogenen Verteilung. Im Denkprozeß des Systems steht somit die Verteilung an erster Stelle. Sie bestimmt, wo Markt und wo Lenkung angezeigt ist.

Selbstverständlich soll dem einzelnen die Freiheit zustehen, zu bestimmen, was er konsumieren will. Doch muß makroökonomisch das Verhältnis von Investition und Konsum entsprechend dem Ziel der gerechten Verteilung von der Politik bestimmt werden. Ota Šik hat für dieses Problem eine Quotenregelung vorgeschlagen.⁵ Die Ökonomen haben sich aber geweigert, dazu Stellung zu beziehen, weil sie jegliche Form von Lenkung als typisches Instrument der Planwirtschaft ablehnen. Andererseits muß man sich fragen, ob die zweite Einkommensverteilung mit ihrem nicht mehr in Grenzen zu haltenden Institut der Lohnnebenkosten nicht eine stärkere Lenkung bewirkt als die von Šik vorgeschlagene Quotenregelung. Es wird hier nicht speziell für die Šiksche Quotenregelung votiert. Es wird nur zum Ausdruck gebracht, daß die Ökonomen sich im Hinblick auf die ausweglose Situation der Arbeitslosigkeit überlegen sollten, ob nicht analoge Instrumente wie die Quotenregelung notwendig seien, die nicht mehr unter den Ausdruck "marktkonform" fallen. Im übrigen ist die heute allseits übliche Steuerpolitik eine Lenkungsmaßnahme, die allmählich die Konsum- und Produktionsfreiheit nicht nur einengt, sondern in ihrer Existenz bedroht.

Zwar liegt es im Sinn des Kapitals, die menschliche Arbeit soweit wie möglich zu ersetzen, den Menschen also frei zu machen für höhere Beschäftigung als nur für die Existenzsicherung. Unter dem "Menschen" ist aber weltweit die Menschheit zu verstehen. De facto ist die heutige Marktwirtschaft mit ihrer als absolut interpretierten individuellen Freiheit der Gewinnmaximierung und der Disposition des Gewinns geradezu institutionell gezwungen, von der Arbeit Abhängige und Arbeitswillige auszuschließen und auf die Sozialhilfe abzuschieben, unbekümmert um die Tatsache, daß das Kapital ursprünglich das Resultat nicht nur des rationellen Sparens, sondern auch der Arbeitsleistung ist (vgl. *Laborem exercens*).

Der Papst hatte in der Enzyklika *Centesimus annus* die Marktwirtschaft als das System bezeichnet, das die katholische Soziallehre befürworten kann. Der Ökonom muß sich aber bewußt sein, daß der Begriff der Marktwirtschaft von *Centesimus annus* ein anderer ist als der seine. Der Papst hat den Grundsatz der gerechten Verteilung zum Vorspann der Konkurrenz gemacht. Zur gerechten Verteilung gehört an erster Stelle die Verteilung der Arbeit. Wie das Privateigentum einem höheren Wert zu dienen hat, nämlich der allgemeinen Nutzung der Güter, so hat auch die Marktwirtschaft der Vollbeschäftigung zu dienen. Die Vollbeschäftigung muß darum der Institution der Marktwirtschaft vorangestellt werden. Es liegt nun am Ökonomen, diesen Vorspann zu formulieren. Die bisherige absolute Vorrangstellung der Marktwirtschaft nach dem Modell der vollkommenen Konkurrenz mit der ihr entsprechenden Einkommensverteilung und dem sozialen Zusatz der zweiten Einkommensverteilung muß korrigiert werden. Allem voran

⁵ Vgl. die Darstellung in A.F. Utz, *Wirtschaftsethik*, Bonn 1994, 142-154.

haben das Existenzrecht aller und die Vollbeschäftigung zu stehen. Hätte man dies früher bedacht, dann wäre es wohl möglich gewesen, die private Vorsorge auf dem Weg des individuellen Sparens stärker auszubauen und damit zugleich die Aufblähung der Lohnnebenkosten zu verhindern. Allerdings gäbe es in einem solchen Programm die kollektive Tariflohnpolitik, wie sie heute üblich ist, nicht mehr.

FINANCIAL MARKETS IN RELATION TO EMPLOYMENT AND UNEMPLOYMENT

HANS TIETMEYER

I. INTRODUCTION

An important trigger for the development of Catholic social teaching in the second half of the 19th century was the problem of labor in the incipient industrial society. Since then, there have been profound changes in the technical, economic, political and social fields, not only in the industrial countries but also in the so-called newly industrializing countries and the developing countries. Owing to technical developments, changes in the international division of labor and many regulations, the problem of unemployment, in particular, is becoming increasingly evident world-wide.

The task of Catholic social teaching, namely to formulate modes of thought, criteria of judgment and principles of action for shaping working life which conform to the basic tenet of respect for the dignity and rights of the working population, has gained new dimensions and received new points of emphasis as a result of these changes. While a hundred years ago the primary objective was to overcome class antagonisms, to improve the extremely poor standards of living of the workers and to enforce the basic rights of employees which have meanwhile become a matter of course, the focus of interest today is primarily the demand to establish a "culture of work". By "culture of work" Catholic social teaching understands the protection of the human right to work. Work is to serve personal self-realization and the discharge of the social commitment.

The first normative demand, therefore, is to facilitate and safeguard a high level of employment so as to take account of the right, but also the duty, to work. In addition, respect for human dignity in working life is to be ensured; employees are to be treated as subjects and not as objects. Furthermore, work is to foster the realization of men as social beings, i.e.

working conditions should promote, and not counteract, inter-human solidarity.

In order to arrive at concrete, appropriate and realistic conclusions in respect of this economic, labor-related and social dimension, a dialogue with modern social sciences and an analysis of their findings are imperative.¹ This applies all the more as — given the upheavals in working life which are already under way or on the horizon — the question of ensuring a humane future of labor is a crucial, perhaps the paramount social challenge. Only an interdisciplinary approach in which all fields of social sciences with their specific emphases work together, will be able to give promising answers.

In the present paper the problems of employment are analyzed from the point of view of economics. In line with the subject, it concentrates on the aspect of financial markets in relation to employment or unemployment. The first section focuses on the significance of the financial markets for growth and employment. Initially, the relationship between real capital and labor is explained before the allocative function of the capital market and the necessary underlying conditions for functioning financial markets are dealt with. Subsequently, the paper analyses whether selective intervention in the capital market is appropriate to stimulate growth and employment. The second main section highlights recent developments in the financial markets, on the one hand, and on the labor market, on the other, as well as possible correlations. The contrast between the great dynamism and the innovative power of the financial markets and the much slower reforms on the labor markets will become evident. Finally, some conclusions are drawn as to the possible further trends on the labor market.

The link between the financial markets and the labor market is extremely complex, and labor market problems as such differ considerably from country to country. The following statements focus on the situation in developed economies so as to keep within our set terms of reference. The annex then deals specifically with labor market trends in western Europe and some of the dominant causes of unemployment in the region.

¹ Johannes Schasching SJ rightly refers to the need for such a dialogue in the final section of his paper *Katholische Soziallehre und Arbeit* (Catholic Social Teaching and Employment).

II. THE SIGNIFICANCE OF FINANCIAL MARKETS FOR GROWTH AND EMPLOYMENT²

1. *The relationship between capital and labor*

In order to deal with the question of the link between financial and capital markets,³ on the one hand, and economic growth and employment on the other, the basic relationship between (real) capital and labor has to be clarified first. Both phenomena — the wide spread of dependent employment, as a result of specialization and the division of labor, and capital accumulation in the sense of consumption restraint and the systematic redeployment of what has been saved in this way for the purpose of more production — are salient features of the transition from feudal to capitalist society. The associated radical transformation of the economic system at the same time stimulated the emergence of modern economic theory. It therefore comes as no surprise that “capital and labor” have been a basic subject of economics ever since. The points of emphasis which are made in this respect differ considerably, however.

Some schools of thought focus on the problem of distribution, which is based on the distribution of overall income by “wage and salary earners”, on the one hand, and “capital owners” on the other. An extreme position is taken by Marxism in this context. In view of the class antagonisms existing in the early stage of industrialization, it posits a contradiction between capital and labor, a contradiction which, it asserts, is constitutive for capitalism. It claims that, in order to earn their living, workers are forced to sell their labor power to the owners of the means of production and thus to subject themselves to exploitation. According to Marx’s economic doctrine, the value of a commodity corresponds exactly to the labor contained therein (labor theory of value). Means of production are seen as “crystallized” labor. Only living labor produces value, whereas capital as such is not productive. Consequently, the mere ownership of capital and the provision of capital should not be remunerated. The income flowing to capital owners corresponds to what is produced by the workers over and

² A good survey of a number of the problems discussed below — also with reference to the developing countries — is given in the World Development Report 1989, Financial Systems and Development, The World Bank, Washington 1989.

³ Financial markets are generally understood to be the markets for financial resources. Depending on the maturity of lending, a distinction can be made between capital markets as markets for longer-term financing and money markets as markets for shorter-term financing. In contrast to this financial terminology, which is used in the major part of this paper, the capital market can also be construed as a market for real capital from the real economic point of view, a perspective which has been chosen in section 11.1.

above the subsistence income required for their reproduction, so-called surplus value. The appropriation of this surplus value by the capitalists is exploitation.

This viewpoint in such an extreme form probably prevails only in isolated cases today. After nearly 200 years of experience of capitalism in the industrial countries (whose specific economic systems differ considerably, however), wage and salary income there is far higher than the "cost of reproduction", and countries with a long capitalist tradition all have a comparatively high material standard of living.

The view that income from capital is morally suspect has not yet been dispelled everywhere, however. Such a view fails to recognize, however, the fact that labor and capital are not opposites but rather complements on the way towards increasing prosperity. In addition, in developed economies the functions of a "capitalist" and an "employee" frequently coincide in one and the same person as many employees now receive investment income, although there is still scope and the need for improvements in this respect in many countries. What is decisive, however, is that the interests of capital and labor are also allied insofar as only the two together can guarantee sufficient growth and widespread prosperity. This touches directly upon the production-technical or allocative dimension of the relationship between capital and labor. The scarcity of the production factors labor, capital (and land) is the real cause of the scarcity of goods, and only by an efficient combination of all factors in the production process will it be possible to mitigate this problem.⁴ Growth — in quantitative and qualitative respects — presupposes investment in the form of an increase and/or an improvement in the resources to be employed.

The production of capital goods is initially at the expense of the production of consumer goods because certain quantities of the available factors of production have to be set aside from the direct production of consumer goods. Refraining from possible current consumption — the real economic side of saving — is the first necessary step towards forming real capital. In a second step the production factors freed from the direct production of consumer goods must be used to produce capital goods. This is the real economic side of investment. The final purpose of this process of saving and investing is, of course, the future production of consumer goods; in this sense capital formation is a roundabout form of production. The

⁴ I should like to stress explicitly that the treatment of labour as a factor of production is a methodological convention in economics without which certain economic facts cannot be analysed appropriately. However, this should not be seen as implying a general restriction of human labour to this dimension.

advantage of round-about production consists in its additional yield, i.e. the increase in productivity of the production process.⁵ The disadvantage is that people have to wait longer for the result of production and its use.

This disparity between consumption restraint in the present and higher productivity in the future exists in any economy. However, the problems of sufficient capital formation become particularly clear in economically difficult situations, for example in the extension of the infrastructure in developing countries or in the transition of a country from a centrally planned economy to a market economy. The availability of sufficient capital, either from savings of its own or from savings of other economies, is of key significance for a country's economic development.

Sufficient capital accumulation is therefore also important for the employment situation. Additional investment leads to employment in two respects: firstly, demand in the capital goods industry rises, and secondly, new jobs are created in the investing sectors, if investment in capacity extensions and not in rationalization measures is involved. In addition, over and above its effect of increasing labor productivity, investment generally provides scope for lasting increases in real wages without jeopardizing jobs. The interests of "capital" and "labor" are insofar allied in most cases.

Growth and employment in an economy will be all the higher over the long term the better it has been ensured that both capital and labor are put to their most efficient macroeconomic use. Experience has shown that this is most effectively achieved through the guiding function of the market. However, inefficiencies on the labor market may become more evident if the efficiency of the capital markets increases. This fact is gaining additional significance with the growing internationalization of capital allocation. To an ever-greater degree, capital now flows across national borders. This is directly obvious in the case of monetary capital, but the link applies indirectly, too, to real capital — through direct investment. An improved efficiency of international capital allocation implies higher prosperity worldwide, but not necessarily for every national economy, let alone every industry or every enterprise. I shall deal with this question in more detail below.

2. *The allocative function of the financial markets*

In order to identify the significance of financial markets for the efficiency of capital allocation, the monetary dimension of saving and

⁵ See Eugen von Böhm-Bawerk: *Kapital und Kapitalzins. Zweite Abteilung: Positive Theorie des Kapitals* (Capital and capital interest rates. Second section: Positive theory of capital), 4th edition, Jena 1921.

investment needs to be examined. Restraint in consumption, which releases factors of production for real capital formation, initially takes the form of monetary savings. Potential investors demand financial resources to attract — indirectly — the factors of production released, if the investment total exceeds their own savings. It is therefore the task of the financial markets to pass on financial balances from economic agents with surpluses to those with deficits.

Investors (capital demanders) and savers (capital suppliers) will normally have divergent preferences with regard to the maturity, lot size and risks of loans or participating interests. The capital market can align the wishes of capital suppliers and capital demanders by performing certain transformation functions.

First of all, maturity transformation is to be mentioned: the borrower or capital demander may raise longer-term funds, yet the individual saver is not compelled to exercise restraint in consumption for an equally long period, but may sell bonds or shares prematurely in the secondary market. Secondly, the splitting of bond or share issues enables lot-size transformation: a high amount of capital can be raised by numerous investors. Finally, there is a risk transformation in the capital market: by diversifying his portfolio and with the help of hedging strategies, the investor may assume a risk position that is detached from the risk of an individual project. In many cases the aforementioned transformation functions are not performed directly by the securities markets but by financial intermediaries — such as banks or other institutional investors. By resorting to their specific knowledge, both investors and borrowers are able to save information and transaction costs.

The better a financial system succeeds in performing the above-mentioned functions, i.e. the better and more cost-effectively the preferences of individual investors and capital demanders can be met, the more efficient capital allocation will be. A smoothly functioning interest rate mechanism is likewise crucial for the allocative efficiency of the capital market. Only if the loan carries market interest rates will the capital input be comparable in all its alternatives and different maturities. For from the point of view of an investor, it is essential to know whether and to what extent the expected yield on a particular investment exceeds the costs of financing it. Besides performing equalizing functions between capital suppliers and capital demanders, the interest rate therefore has an important signaling function with respect to the profitability of alternative capital uses.

3. Conditions for smoothly functioning financial markets

The permanent capability of the financial markets to function depends on a number of determinants, the most important of which are a suitable regulatory framework, adequate prudential regulations and a stable macro-economic environment.

(a) Regulatory framework and prudential regulations

Products and market techniques that meet the requirements of capital suppliers and demanders will be developed in the capital market, and market prices will form only if fair competition is ensured. Since competition will not be ensured lastingly without a minimum of state regulation, the first approach to a capital market policy is the need to create an appropriate regulatory framework. Specifically, this involves, for example, the guarantee of free market access and appropriate measures to prevent action restricting competition. At the international level, the free convertibility of the currency, free capital movements and the admission of foreign banks are major components of a pro-competitive environment.

Furthermore, the confidence of market participants in the soundness of the financial system is of great significance for an efficient financial market. Without a minimum of confidence-building rules, a functioning market and therefore lastingly functioning competition will not come about because they are prevented, say, by asymmetries of information flows in the financial markets. As a rule, a capital demander is considerably better informed about his own economic situation and about the properties of an investment project to be financed than are potential lenders. In his own interest the borrower will be prepared to disclose information. However, to ensure that this information is reliable and meets certain minimum standards and, moreover, to minimize information costs, for example, legal regulations or agreed rules on standardized disclosure requirements on the part of issuers in the capital market definitely make sense. In addition, regulations on creditor rights and the reliable enforceability of contracts are essential. An efficient legal system or a system of rules, which contains, inter alia, effective regulations on collateralising loans and compulsory execution, is therefore a necessary prerequisite of a smoothly functioning capital market.

Furthermore, public or collective supervision of the institutions and markets of the financial sector appears to be indispensable for an efficient financial market. It is only in this way that in highly complex financial systems fraudulent conduct by individual players, such as insider offences or business practices which, in the extreme case, may undermine the stability of the entire financial system, can — at least largely — be avoided.

Banking supervision can also help to prevent an excessive accumulation of risks by individual banks which may lead to insolvency or illiquidity if business and market trends are unfavorable.⁶ Since frequently small investors, in particular, are hit hard by bank failures and are scarcely able to protect themselves, investor protection by public supervision measures in the form of general rules conform to the welfare state principle as well.

Although some public encroachments on the freedom of action of market participants seem to be indispensable so as to increase the crisis resistance of the financial system or to avoid its abuse, ways must be found which hamper competition as little as possible. For each impairment of competition tends to hinder efficient capital allocation. With this in mind, indirect forms of intervention, for example, in the banking sector capital requirements for certain transactions weighted according to their risk content and transparency regulations, are to be preferred to direct requirements or prohibitions.⁷ In general, public supervision measures should be subject to the regulatory principles of private-law autonomy and the subsidiarity of government activities; in other words, financial market supervision oriented along market economy lines ensures the stability of the financial system as far as possible without relieving financial market participants from their responsibility for business policy decisions. Otherwise the regulatory net will soon become very closely knit, personal initiative will be hampered, self-responsibility impaired and market efficiency unnecessarily weakened.⁸

(b) Stability of the macroeconomic environment

Apart from suitable regulatory and prudential measures, the capability of the financial markets to function depends mainly on the stability of the

⁶ Financial market operations are subject to different kinds of risk. The most important are the default risk, i.e. the risk that interest and redemption payments will not be made, and the price risk, which carries the danger of losses as a result of interest rate or exchange rate changes.

⁷ Such indirect methods of risk limitation also mitigate the so-called moral hazard problem which is associated with additional crisis compensation mechanisms, such as deposit protection schemes, if the public safety net increases market participants' willingness to take risks from the outset.

⁸ Despite the far-reaching internationalisation of the financial markets, financial market supervision is still mostly performed at the national level. However, as early as the eighties, the so-called Group of Ten Central Banks drew up joint recommendations which have been further developed on several occasions and today largely apply to all national supervisory rules as common guidelines (so-called Basel Capital Accord); see, for example, Report on International Developments in Banking Supervision, Report Number 6, Committee on Banking Regulations and Supervisory Practices, Bank for International Settlements, Basel, September 1988.

macroeconomic environment and particularly, on the degree of price stability. High and often sharply fluctuating rates of inflation discourage longer-term financial investment, and financial intermediaries will be willing to effect maturity transformation on a limited scale only. For if there is great uncertainty about inflation, it is virtually impossible to gauge the real proceeds of a financial investment to be expected in the future. The market for longer-term lending will largely dry up. Consequently, enterprises can only borrow over the short term and, owing to the associated higher financial uncertainty, the real economic planning horizon will shrink. Investment projects which would have been profitable at low inflation rates are not realized. The results are lower growth and higher unemployment. Under capital market policy aspects, too, the strict orientation of monetary policy to the goal of ensuring monetary stability makes sense.⁹ The requests of market participants to abolish certain regulations or to admit new financial products are likewise to be measured by this demand. They should be considered only if they do not perceptibly restrict the room for maneuver of a monetary policy geared to the aim of safeguarding monetary stability.

It may be concluded from the above that the primary task of a capital market policy which pursues the goal of a permanently functioning capital allocation is to realize a maximum degree of financial market efficiency and stability by means of appropriate regulatory and prudential measures and by a strict anti-inflation policy.

4. *State intervention in the capital market — a means to stimulate growth and employment?*

In the recent past, public agencies have often been called upon to intervene directly in the capital market, over and above taking the measures indicated to ensure the smooth functioning of financial markets. The explicit objective of such calls is frequently the promotion of growth and the creation and preservation of jobs. In most cases, however, such demands are likely to be counterproductive, precisely with respect to these objectives.

(a) *Direct intervention in the allocation of capital*

Direct interventions in the allocation of capital, in particular, are associated with major problems. In market economy systems they involve,

⁹ In *Centesimus annus* the significance of a stable currency for a smoothly functioning market economy system has been emphasised for the first time in a papal encyclical (item 48). Monetary stability is, moreover, of particular importance with a view to achieving the postulate of social justice.

for example, granting more favorable credit terms for certain sectors or giving direct state subsidies. Measures aimed at preserving and shaping structural patterns pose specific problems in each case. In developed economies, in particular, capital is often allocated to economic sectors, with the aim of preserving structural patterns, which would no longer be able to survive in conditions of free competition. One argument used in favor of this is the preservation of existing jobs. However, the capital tied up in this way is at the same time not available for other more profitable projects which promote employment and growth. The justification given in such cases of safeguarding jobs and incomes within existing structures is therefore not valid in macroeconomic terms but, at best, from the point of view of specific groups. But even this is true only over a short-term perspective. Experience has shown that adjustment processes rendered necessary by the market can only be delayed but cannot be stopped altogether. For those affected, these adjustment processes are later on often more radical than they would have been if appropriate measures had been taken in time.

Within the scope of a so-called structural policy, which was widespread even in the developing countries for a time, public means are used to selectively allocate capital to such sectors which are regarded as key industries with a promising future. The intention is mostly to achieve a strengthening of the long-term growth trend, with corresponding employment effects. However, the advocates of an active shaping of economic trends by political planners mostly neglect their cognitive restrictions. An appropriate investment steering strategy by policy makers presupposes that state agencies have a better knowledge about future market-dependent supply and demand patterns. This is not very plausible, however, and contradicts most experience based on the supposedly superior information in this respect of state bureaucracies compared with potential private investors. In addition, the risks of incorrect planning, which would otherwise be distributed among many investors, are concentrated in the case of a public investment agency. To this extent, such state intervention in the allocation of capital often involves the danger of incorrect decisions, a waste of resources, less growth and higher unemployment. The allocation of capital should therefore be left to market forces as far as possible.

(b) Indirect intervention in the capital market

Apart from such direct interventions in the market mechanism geared to structural policy, indirect economic policy measures to stimulate business activity and employment likewise often start with the financial markets. By way of illustration, I would like to consider briefly the example of an anti-cyclical, interest-rate-oriented monetary policy over a business cycle. Such a

policy tries to influence relevant market interest rates in such a way that overall demand and thus also output and employment move in the desired direction. Most experience shows, however, that such a monetary policy strategy has substantial weaknesses. In particular, our knowledge to date about the economic transmission mechanisms of monetary policy interventions (for instance, changes in central bank interest rates) does not suffice by far to fine-tune business activity successfully over the long term. Economic policy stimuli often make themselves felt only with long and, moreover, variable time-lags, which involves the danger of wrong timing and thus of a destabilisation of economic developments.¹⁰ In addition, the theory of rational expectations rightly emphasized that, depending on their experience, economic agents adjust their behavior in response to economic policy strategies and try to anticipate future economic policy measures.¹¹

A monetary policy geared primarily to cyclical policy will therefore often generate at best short-term growth and employment effects, as experience has shown. Over the medium and longer term it mostly results merely in more inflation, however, with its negative impact on macroeconomic allocation and distribution, to say nothing of the injustices it involves. There is much to be said for trusting, in principle, in the self-regulatory forces of the market and for conducting economic policy in such a way that it does not itself trigger real economic fluctuations. In most cases it has proved to be more efficient in respect of the goal of achieving a high level of employment to pursue steady monetary and fiscal policies, i.e. to gear them to the long-term growth trend.

III. EMPIRICAL FINDINGS

1. *Trends in the financial markets*

Above all, in the past two decades, a profound structural change has occurred in the national and international financial markets which has been characterized by the emergence of new financial instruments, financing techniques and market segments, an increasing interlinking of the national financial markets with one another and with the international financial markets and by an associated internationalization of the financial services business.

¹⁰ See Milton Friedmann, "The Role of Monetary Policy", *American Economic Review*, Vol. 58 (1968), p. 16.

¹¹ See, for instance, Thomas J. Sargent and Neil Wallace, "Rational Expectations and the Theory of Economic Policy", *Journal of Monetary Theory*, Vol. 2 (1976), pp. 169-183.

(a) *Increasing internationalization*

These upheavals were fostered mainly by changes in the macro-economic and institutional underlying conditions. By the beginning of the seventies, the destabilising effects which different national economic policies of the industrial countries were having on international capital transactions could no longer be coped with even by capital controls; the result was the collapse of the post-war monetary system of Bretton Woods in 1973 and the transition to flexible exchange rates, accompanied by a dismantling of capital controls.

An important impetus for the internationalization of the markets was the emergence of financial requirements which could no longer be met from domestic financial sources and of surplus savings which could not be accommodated in the national markets. There was a first "wave" of such disequilibria following the sharp oil price rises in 1973-4 and 1979-80. Some of the countries relying on crude oil imports were forced to raise loans abroad, whereas the oil exporters were looking for investment opportunities world-wide for their massive revenues. In addition, many developing countries tried to accelerate their economic development through progressive capital imports and a sharp increase in their foreign indebtedness. The restrictions on international capital movements, which still existed in many cases at the time, moreover, fostered the development of financial markets for certain currencies outside their respective currency areas. A second "wave" of external financing needs occurred from the middle of the eighties when many countries (particularly many industrial countries) strongly expanded their already high indebtedness by virtue of sustained deficits of the public sector or the social security system. The frequently needed financing of the public sector deficits through capital imports strengthened the international integration of the national financial markets, notably the securities markets.

The strong momentum in the financial markets would not have been conceivable, however, without the rapid progress in data processing, communication and payment system technologies and without the deregulation of the financial markets in many industrial countries and the liberalization of the international exchange of financial services. The dismantling of administrative restrictions of pricing and business opportunities in the financial services sector, as well as the abolition of capital controls and of restrictions of the right of establishment extended the legal scope of financial market participants. Technological progress created unprecedented options for action. It facilitated the development of extremely complex new financial instruments, reduced the transaction costs of portfolio restructu-

ring and ensured real-time access to the same information world-wide. The search for profitable investment and favorable borrowing terms — supported by communication technologies — is today conducted on a global basis.

*(b) Innovative financial instruments*¹²

The structural change in the financial markets is mirrored in innovative instruments just as in the growing significance of new market players. Innovative financial instruments open up new investment and financing alternatives, provide additional options for the transformation and reallocation of risks and for liquidity provision at low cost. The upheavals in the securities markets are particularly notable. In some countries, especially in the United States and the United Kingdom, there have already been marked shifts away from the traditional bank loan towards securitised financing. The rise in fundability and liquidity of assets associated with securitisation has contributed greatly to the strong turnover growth in the financial markets.

The growing use of derivatives is likewise a reflection of the high innovation potential in the financial markets. These are financial instruments whose value is derived from the market price or a corresponding index of an original underlying instrument. Their common denominator is a future-oriented contractual element. The central economic function of derivative instruments consists in the low-cost and flexible design of individual risk positions. In contrast to traditional risk transfer operations, derivatives make possible the protection against risks or the selective assumption of risks at a comparatively low input because the underlying instrument itself need not be transferred. Through the use of derivatives, the features of existing financial instruments can, moreover, be changed in such a way that new assets emerge which were not available before.

(c) Institutionalization of saving

As to the market players, the trend towards the institutionalization of saving is particularly evident. Institutional investors, such as investment funds, pension funds and insurance enterprises, are playing an ever-increasing role in attracting and investing monetary capital. Third-party

¹² See also Bank for International Settlements, *Recent Innovations in International Banking*, Basel 1986, and Bank for International Settlements, *Macroeconomic and Monetary Policy Issues Raised by the Growth of Derivatives Markets*, Basel November 1994.

management of assets has become an important industry. The fierce competition for the management of investible funds has led to a professionalisation of fund managers and of the methods they use. Together with this development there has been a tendency towards a reorientation of investment behavior. The traditional practice of buy-and-hold finance, under which securities once purchased are held until their final maturity, has given way to transaction-driven finance as portfolio management is geared more and more to short-term results. This is a further cause of the dramatic rise in trading in the financial markets, which today are partly detached from real economic processes.

2. Influence of financial market trends on the real economy

(a) Positive effects

At first sight it may appear that the aforementioned structural change in the financial markets has created a highly complex financial world which, largely detached from the real economy and in a way which is not very productive for the national product, is preoccupied with making more money from much money and whose development, at best, has only a marginal bearing on the subject of "labor and employment". This impression is misleading, however. The dismantling of previous restrictions and the resulting globalization and professionalisation have increased the intensity of competition in the financial markets. Thanks partly to the development of innovative financial instruments and financing techniques and to the saving of transaction and information costs as a result of the progress made in communication technology, the capacity of the financial system to perform its intermediation services has been further improved. This tendency towards more complete and more efficient markets ultimately benefits the suppliers of and demanders for capital, whose specific requirements regarding the shaping of payment flows and risk provision can now be met better than before. The basically positive influence of a greater efficiency of the financial markets on the real economy has already been mentioned (see section 11.2).

Using the example of derivatives, I would now like to briefly explain how certain trends in the financial markets may have direct positive effects on the real economy. As mentioned, derivatives make possible a low-cost design of the risk profile according to individual preferences; more than before, the individual market player has to decide which risks he assumes himself and which risks he transfers against payment to a third party. Previously existing microeconomic restrictions on the ability to act are

thereby reduced. An entrepreneur can separate the business policy risks of an investment from its financing risks and, moreover, design his financing terms more favorably. In macroeconomic terms, this improves the underlying conditions for investment decisions and for a steadying of capital formation. As a result, overall output might expand at a higher and steadier level. I have already said that this is associated with an increase in employment and possibly in remuneration, too.

(b) *Risks*

Besides these positive effects of structural change in the financial markets, the negative side of this development must be considered as well. The first thing which comes to mind in this context is the greater short-term volatility of financial market prices, at least in some periods.¹³ Basically the greater liquidity of individual markets and their closer links should contribute to a better absorption of shocks. It appears, however, that this was at times overlapped by other factors which contributed to making the markets more susceptible to changes in sentiment. As portfolio management is geared to performance over the short term, events which are of short-term relevance and short-run expectations are playing an ever-greater role. The real-time access to information, moreover, involves the danger of cumulative misassessments. The growing spread of computer-assisted trading, furthermore, leads to reflex-like action if data are entered "unchecked" and without careful interpretation. All this fosters the markets' propensity to more vehement reactions than before and leads to price movements which are "useless" in macroeconomic terms or even reduce efficiency.

A further concomitant of financial market trends which can be observed mainly in the Anglo-Saxon countries is the growing use of financial contracts with short maturities or money-market-related interest rates. Given such increasing short-termism, the uncertainties of planning are growing — as noted — and this tends to have a negative effect on growth and employment because investment projects which would be profitable over the long term are not realized and because hedging costs are higher.

In addition, some observers have detected a greater susceptibility to crises and an increased fragility of the financial system as a result of innovations in the financial markets. The focus of interest is once again the increasingly widespread use of derivatives. A consensus has not yet been reached on this question. The complexity and the resulting opaqueness of

¹³ For the effects of the greater exchange rate volatility on the labour market see also section 111.4.b.

these instruments for most people should not lead us, however, to assume that the attendant risks are automatically uncontrollable. A differentiated analysis is needed in this respect. What is important with regard to the risk of the emergence of financial market crises on a scale which jeopardizes the entire financial system is the capability of individual market players to bear the risks they have assumed without negative external effects. A key consideration in this context is that business in derivatives in some sectors is concentrated on a relatively small number of market participants worldwide. This involves the danger of knock-on effects if just one single important market participant defaults. Although derivatives as such are not the cause of a potential systemic crisis, the risk concentration on a few market participants is a latent danger for the stability of the system. This must not be underrated, because individual risk positions can fluctuate sharply in response to market developments in a way which is difficult to predict and impossible for outsiders to identify and which may soon erode existing capital reserves.

(c) *Interim balance*

To point to possible risks of certain developments does not mean, however, to reject the latter. In the upshot, the positive effects of recent trends in the financial markets are likely to be more important than the dangers they involve. This applies all the more as neither the participants in the financial markets nor economic policy agents are utterly exposed to events without any protection. There are possibilities of limiting or counter-acting potential dangers.

The experience of the last few decades has shown that a policy of an early and steady reduction in administrative restrictions, and one which integrates or subordinates any special individual interests of the financial services sector to macroeconomic interests, contributes to a steady development of the financial markets which is free from major distortions. On the other hand, a late and abrupt policy of liberalization, which is partly forced on policy makers by the circumvention of existing regulations, has led to surge-like changes in the financial systems of some countries. In such circumstances, market participants have no time to adjust to the changed scenario in a continuous learning process. An — at least partly — resulting slippage of several market participants was probably to blame to some extent for the crises of the recent past. These developments were, moreover, in most cases, supported, or even made possible at all, by a monetary policy which was overly lax at times. For example, such a financial market climate fostered the emergence of the bubble economy in some countries during

the second half of the eighties. The subsequent bursting of the price bubble resulted in rather high real economic costs. This should not be ascribed to recent developments in the financial markets themselves, however, but to the mistakes of the policy makers concerned and to the macroeconomic environment. The increasing short-termism evident in many countries can likewise be attributed, at least partly, to an inflationary environment over an extended period of time.

For the future it is important to curb the risks emanating from new financial instruments. The market players themselves bear special responsibility for financial market developments. Dealing with the new instruments appropriately places high demands on all market participants. Thorough training of staff members and a risk-conscious behavior on the part of management are major preconditions for averting future damage. A crucial condition for responsible action by market participants is, furthermore, the improvement of the transparency of off-balance-sheet transactions, particularly in the case of derivative instruments. In addition, general government regulations may be meaningful and necessary to protect third parties against possibly severe negative consequences. This is, above all, the task of an internationally harmonized system of financial market supervision, and this, in particular, is the aim of the efforts being made by the central banks of the major industrial countries in the context of their Basel cooperation.¹⁴

A return to the supposedly tranquil world of administrative restrictions and national protectionism is neither technically possible nor politically desirable. If we succeed in safeguarding the stability of the financial markets with the aid of general regulations in keeping with market conditions, they will make an important contribution to growth and employment. This may not be very obvious to some people. However, both theory and past experience prove clearly that the underlying conditions with which market players in the goods and factor markets are faced are of crucial importance for the trend in the real economy. The financial system is only part of this set of data; if it does not function, however, this inevitably spreads to the goods markets and indirectly to the labor markets. Financial markets which are as complete and perfect as possible are therefore a necessary prerequisite for the smooth functioning of the real economic sector. They are not a sufficient condition, however.

Economic and political mistakes may even be "penalized" all the more

¹⁴ See, for instance, Public Disclosure of the Trading and Derivatives Activities of Banks and Securities Firms, Joint Report by the Basle Committee on Banking Supervision and the Technical Committee of the International Organization of Securities Commissions, Basel November 1995.

harshly the more efficient the world-wide allocation of capital is. Enterprises respond to an adverse locational quality in their own country by increasing their direct investment abroad; investors demand compensation for monetary policy, fiscal policy or structural shortcomings in the issuer's country in the form of higher risk premiums and therefore higher nominal interest rates. As a rule, however, such reactions are likely to provide stimuli for adjustment; the result is that over the long term, the positive effects of functioning financial markets will prevail here, too. To this extent, the financial markets today exercise some control over the quality of economic behavior and policies of individual countries.

In addition, the change in the financial markets has direct effects on employment. Following the new opportunities brought about by liberalization and technical progress, particularly in the field of data transmission and processing, the macroeconomic significance of the financial sector has so far increased perceptibly in all major economies. Banks, investment companies and other financial intermediaries as well as the stock exchanges are important employers today.¹⁵ Other sectors, too, are being positively influenced indirectly, be it the construction industry, the catering trade or other areas. Recently, however, there have also been signs of some structural changes which might reduce the direct positive effects which financial market developments have had on employment to date. The advance of telephone banking, computer banking and electronic money might cut the number of employees in the banking sector during the next few years.

3. Special features and trends on the labor market

On the face of it, trends on most labor markets stand in marked contrast to the internationalization of the financial markets. There are only a few free international markets for labor. The geographical mobility of labor has increased appreciably compared with the past, and differs distinctly from country to country, but it remains relatively small. Scientific and technical specialists, show business stars and top athletes are exceptions which, although very much in the limelight, are ultimately not typical. A more important factor are the movements of refugees and asylum-seekers, which are quite often motivated, inter alia, by employment and income considerations.

The clear limitation of the regional expansion of the labor markets

¹⁵ In Germany, for example, the share of persons employed with the banks alone has more than doubled since 1960 (from 1% to 2.5% of the total labour force).

compared with the financial markets, a limitation which is particularly pronounced in Europe owing to historical, linguistic and cultural differences, can be explained mainly by the integration of people into their social environment; this integration does not play a role in the case of real means of production. Falling transportation costs, for example, have led to greater geographical integration of the labor markets and a previously unknown separation of place of residence and place of work; by contrast, commuters or migrants without a fixed abode are gaining in significance but are still rather rare.

On the other hand, the geographical mobility of capital is frequently overrated. The appearance of highly organized international markets for financial capital often conceals the fact that real capital, which has more in common with human labor, is often tied to a certain location. The decision in favor of a production centre constitutes an investment, just as does the decision in favor of a place of residence or work; the costs of that investment are often tied up over the long term and can be recovered only by generating output and income at that centre. Of course, this does not apply to the same extent to investment in capacity extensions and rationalization measures.

Whereas the regulation of national and international financial markets is much more efficient today in many major countries than it was as recently as the sixties, and whereas reforms have not only accompanied, but in some cases even paved the way for, technical and organizational progress, there are no similar developments discernible particularly on the labor markets of western Europe, where the regulations are both far more numerous and stricter. Some statutory underlying regulations are undoubtedly necessary to ensure a balance between employee and employer interests; however, the question arises of whether the framework which emerged over the years, *inter alia*, in industrial and corporate constitutional law, in labor and labor protection legislation and, above all, in collective bargaining law between employer and employee organizations has not become so narrow that it unduly restricts the labor market.¹⁶ Much the same applies to real capital as well, however. Investment is frequently subject to time-consuming authorization procedures which jeopardize the utilization of market opportunities.

The difference between labor and capital seems to be more significant in another respect, however. The problem of an underemployment of capital over extended periods does not exist. Faced with the alternative of

¹⁶ An analysis of labour market trends in western Europe is given in the annex.

low pay or no pay, capital owners regularly decide in favor of low pay, whereas employees and their organizations quite often opt for no pay, that is, for unemployment cushioned by government or social security assistance.

4. The internationalization of financial and goods markets and the problem of underemployment

(a) International trade and employment

The rise in underemployment in western Europe since the middle of the seventies has taken place in a period of increasing internationalization of the financial and goods markets; as a result, some observers concluded that underemployment was also a consequence of internationalization. In part this is quite justified, although unemployment in most cases arose only because the structural adjustments associated with the progressive international division of labor clashed with the supposed vested rights and immobilities of those affected. However, in general, productivity growth in the major industrial countries likewise abated during the same period. The reconstruction and catching-up process after the end of the Second World War, which was accompanied by rapidly rising incomes and thus a relaxation of the distribution conflicts, had come to an end. As wage trends in the west European industrial countries adjusted to the narrower scope for distribution only with a time-lag of several years, unemployment increased sharply in the interim.

Whether the growing internationalization of the markets ultimately promotes or hampers the employment trend depends on the capability and willingness of an economy to adjust and on the prevailing economic and social system.¹⁷ On the one hand, with the interpenetration of economies, competition from imports increases and crowds out less competitive enterprises and industries while, on the other, the best enterprises and industries of a country and the persons employed in them benefit from the additional sales opportunities. The capability to adjust therefore becomes a key variable for the future trend in employment and prosperity. It is not only more flexibility and differentiation in the field of wages which is called for, the willingness and capability of employees to move geographically and adapt professionally is likewise of crucial importance.

The growing international integration of the markets promises greater stability. Regional disturbances have a lesser effect on the international

¹⁷ See the World Bank, World Development Report 1995: Workers in an Integrating World, Oxford et al. 1995, Part II: Is International Integration an Opportunity or a Threat to Workers?

markets and are scarcely felt by individuals. The problem of famine, for example, to the extent that it originated in local crop failures, has largely been overcome owing to the world-wide integration of the agricultural markets. Similarly, local sales crises do not immediately jeopardize jobs if production surpluses can be sold abroad; and if the propensity to invest declines, savings can be invested in other countries without curbing business activity in the form of shortfalls in demand.

(b) International mobility of capital, exchange rates and employment

The potentially positive effects of the increasing international integration of national goods markets crucially depend on adequate stability and calculability of exchange rates. The foreign exchange market, as an important segment of the international financial markets, is therefore attracting greater attention. Over the longer term, changes in exchange rates should largely balance differences in inflation, in particular. Empirical experience shows, however, that exchange rate movements over the short term and quite often over the medium term as well, clearly exceed the balancing of differences in inflation. The fact that, in a world with huge amounts of highly mobile capital, the external value of a currency is largely determined over the short term by the investment decisions of internationally operating professional financial market players is of crucial importance in this respect. The foreign exchange flows arising from the international exchange of goods and services, by contrast, have comparatively little influence on exchange rate formation over the shorter and medium term.

Owing to their inter temporal character, investment operations in the financial markets are greatly determined by expectations. Today, as already mentioned, expectations are formed rationally, i.e., using all available information. This information includes not only economic fundamentals but also separate assessments of future market trends and of a country's political prospects. Resulting sustained and distinct deviations from purchasing power parity may have a lasting effect on the profitability of existing production plant and jobs. Changes in sentiment in the financial markets triggered by expectations may, moreover, cause sharp short-term exchange rate fluctuations. The associated greater uncertainty hampers the international exchange of goods and services.

Although — as a result of innovations in the financial markets — exchange rate risks can be limited by means of instruments such as futures contracts and options, additional costs arise. Hedging against longer-term exchange rate movements is often not available, with the result that the

risks remain with the enterprises. This jeopardizes investment in export sectors, which are often particularly productive, with corresponding consequences for employment. This applies especially to countries whose currencies have appreciated excessively. Depreciating countries, by contrast, often get a worse rating in the foreign exchange markets in the ensuing period as well and therefore have to pay additional risk premiums on interest rates; as a result, capital investment and the servicing of public debt become costlier, with corresponding consequences for growth and employment.

In the light of this experience, it seems at first sight understandable that some critics wish to throw a spanner in the works of the international financial markets in order to counter short and medium-term fluctuations of exchange rates (and interest rates).¹⁸ When making such proposals, however, their proponents often forget that the welfare gains of free trade in goods can be enjoyed only under the condition of free payment flows, which inevitably include free capital movements. Attempts to separate cross-border payments for goods and services from those for capital transactions have proved not very successful, at least until now. Under the present and future technical and organizational conditions, financial flows can no longer be controlled or separated according to their link to real economic processes.

Under the present conditions the attempt to fix exchange rates administratively is likewise possible to a limited extent only. Such a fixing presupposes lasting harmony of underlying national developments and policies or the subordination of fundamental aspects of national policies to supranational determination. However, only very few countries are willing and able to surrender their national sovereignty in this way. Experience in western Europe of the European Monetary System has shown how difficult it is to achieve such an integration and subordination over the long term. It remains to be seen whether and to what extent the planned European monetary union will lead to more sustained exchange rate stability in Europe. The selection of participating countries¹⁹ and, in addition, their willingness to form a lasting political community of solidarity will be crucial for its success.

The recipe for correcting "wrong" exchange rates and for stabilizing the exchange rate system is often seen world-wide as the increased international cooperation of national policy makers. Experience of the Plaza and

¹⁸ See, for example, James Tobin, "A Proposal for International Monetary Reform", *The Eastern Economic Journal*, Vol. 4 (1978), pp. 153-159, and Rudiger Dornbusch, "Exchange Rate Economics: 1986", *The Economic Journal*, Vol. 97 (1987), pp. 1-18.

¹⁹ These participants must meet the criteria of an optimal currency zone.

Louvre Agreements in the eighties shows, however, that international cooperation can only be successful if it is accompanied by credible measures to correct misalignments in the participating economies. Concerted interventions in the form of foreign exchange purchases and sales by the central banks may set signals for the initiation of a process of adjustment of exchange rate patterns, but they are no substitutes for eliminating the economic misalignments in the participating countries. Lastingly successful international cooperation also presupposes that the participating countries recognize that the adjustment measures to be adopted in the national sphere are ultimately in their own interests. An exchange rate policy actively geared to the depreciation of the national currency, which aims at increasing employment by improving the international competitiveness of the domestic export sector, is ultimately counterproductive because any exchange-rate-related competitive advantages are canceled out by a higher domestic price level.

(c) The significance of the mobility of capital and labor

With the mobility of capital, the costs for employment of an inappropriate wage policy increase. While even in a closed economy an aggressive wage policy does have consequences, these are aggravated if capital owners find better investment opportunities abroad. This is especially dangerous as, owing to the long-term nature of locational decisions, production centres that are relocated abroad do not necessarily return even if wage policy is corrected later on.

Following the dismantling of numerous external barriers and the economic policy reforms in many countries, these have become more attractive to investors from highly developed industrial countries. The world-wide gain in freedom should increase prosperity as a whole; however, it may prove — temporarily — to be a disadvantage for employees in the western industrial countries because east European centres, for example, now compete for scarce capital with those in western Europe. Accordingly, the standard of living in the countries in transition may rise more rapidly than would be the case if they could resort only to domestic savings. Such capital-reducing effects may, however, for a time necessitate a stagnation or perhaps even a reduction in real wages in the high wage countries of western Europe if increasing underemployment there is to be countered.

With the opening-up of the markets, a further step forward was taken in western Europe. The basic freedoms of the European single market include the free movement of employees and the freedom of establishment for self-employed persons as well as the freedom of payments (and thus of

the financial markets). Basically, this also meets the preconditions for a single European labor market, which in this way could keep pace with the internationalization of the financial markets.

One consequence of the freedom of migration, however, is a tendency towards price adjustment, although this is occurring extremely slowly compared with the financial markets. Since the open labor market is now tending to move in the direction of equalizing wages, insiders who have been protected by the domestic wage bargaining cartel have recently started resisting foreign outsiders and requesting government intervention to restrict competition. In Germany, for example, a special statute is to declare that domestic pay rates in the construction sector are minimum wages in order to ward off competition from foreign construction workers and so prevent social dumping.²⁰ This would enable management and labor to prevent foreign competition through setting sufficiently high wage levels. Such an intervention would undoubtedly impair the internal market.

IV. CONCLUSIONS

If the ability of a market to function is measured — as is customary in economics — by its capability to allocate efficiently the goods traded on it, the financial markets, on the one hand, and the labor markets, on the other, should be given different marks. If the financial markets — despite some exaggerations — are said to be making a positive overall contribution and the labor markets (at least that of western Germany, see annex) to be showing distinct shortcomings in their functioning, this may seem a generalization, but it nevertheless gets to the core of the matter. This is not so much due to a basic difference between “capital” and “labor”, even though the differences should not be underrated. Instead, it is, above all, the partly divergent approaches of capital market policy, on the one hand, and labor market policy, on the other, which have contributed much to the differing performance of the markets. Most national labor markets are far removed from the deregulation progress in the financial markets. This is the point to start — taking account, of course, of the longer-term social effects; otherwise “unemployment” might remain the key issue during the coming decade, too.

²⁰ See Luder Gerken et al., *Der Entwurf eines Arbeitnehmer-Entsendegesetzes in ökonomischer und rechtlicher Sicht* (Bill Preventing Wage-dumping especially in the Construction Industry from an economic and legal point of view), *Der Betriebs-Berater*, Vol. 50 (1995), pp. 2370-2375.

In a world in which, thanks to the progressive mobility of knowledge, capital and labor, there are hardly any unassailable locational advantages any more — apart from favorable climatic conditions — the basic setting shaped by people and policy makers is becoming more and more important. In the first place, legal certainty and the acceptance of peaceful competition are to be cited as the predominant features for all markets. This by no means implies that we are necessarily moving towards a world which is controlled exclusively by market relations and in which there is no room for social protection and inter-human help.

On the contrary, a smoothly functioning social system which is not in contradiction to economic laws but makes use of them is a positive locational factor in international competition. Neither social unrest nor a confiscatory burden of taxes and levies and restrictive regulations are a recommendation for a location. Not least for that reason it is important for the developed countries to overcome their underemployment problems by initiating suitable reforms, particularly as in the long run an increasing proportion of the population cannot be financed by those in employment without the burden of taxes and levies rising to an intolerable level.²¹ Cuts in the social security network which are made too late and are then necessarily abrupt may cause unrest because they scarcely improve employment prospects in the short term and that unrest, in turn, may hamper the social and economic recovery.

As mentioned, the international financial markets are increasingly assuming the function of a guardian of national policies. After the opening up of the markets, capital can more easily flow out of those countries in which earning opportunities are comparatively poor. This increases the pressure on policy makers to improve locational conditions. One may regret that pressure; it is, however, inevitable because it is a consequence of the unavoidable opening of the borders and the internationalization and globalization of the financial markets. Ultimately, this trend should ensure that economic mistakes in monetary, fiscal and labor market policies are increasingly banished.²² For countries in transition it is often particularly painful, but useful for disciplining policy makers, that — judging by all past

²¹ Nearly all industrial countries are anyway facing a difficult adjustment challenge with respect to their current old-age and health insurance systems, a challenge which results from the change in the age pyramid and increasing life expectancy.

²² In the short term, this need not be true so strictly because the adverse macroeconomic effects of public borrowing — especially in the form of rising interest rates — may be smaller if access to open and flexible international capital markets is ensured. The “penalisation” by the international financial markets mostly starts only when debt has reached a high level.

experience — financial markets have a long memory. Borrowers in countries which had a mistaken policy in the past often have to pay high risk premiums even if there has been a fundamental change in economic policy there in the meantime. In the assessments of financial markets the credibility of policies in the countries concerned plays an increasing role.

Owing to the sensitivity of the financial markets and their significance for growth and employment in the individual countries, the willingness to seek better international economic policy coordination has increased with the progressive integration of the world economy. This does not mean growing regulation at the international level but rather coordinated deregulation and more free trade, although the transition is taking place increasingly in blocks, so that some residual discrimination against outsiders remains. Internationally coordinated measures beyond this are doomed to fail — this at least is the experience of the past — unless they are accompanied by confidence-building reforms in the participating countries themselves.

The international availability of knowledge and the mobility of capital of themselves exert pressure for an adjustment of pay rates beyond the measure associated with free trade in goods. In the recent past, migration pressure on the rich countries has been added.²³ Many people think that this immigration jeopardizes these countries' prosperity and social stability. Mainly for that reason west European countries are at present not prepared to grant a general freedom of establishment analogous to the prevailing freedom of capital transactions, at least not for countries from which people would like to emigrate owing to the prevailing social and political conditions. To this extent, too, there seem to be limits to the parallels between trends in the financial and labor markets for, as a rule, fleeing capital is gladly accepted — in contrast to labor. However, since the fall of the Iron Curtain, the countries of western Europe have increasingly been repeating the experience of the United States that complete insulation against migration is a hopeless goal as long as the prosperity differential relative to the neighboring countries has not leveled off. In the long run, western Europe will have no alternative to making its labor markets more absorptive, on the one hand, and to supporting prosperity-increasing reforms in its neighboring countries, on the other.

Little would be gained, however, if the opening-up of the markets were linked to the prior condition of the international harmonization of social

²³ See Richard Layard et al., *East-West Migration: The Alternatives*, Cambridge, Ma./London 1992 and Klaus F. Zimmermann, "Tackling the European Migration Problem", *Journal of Economic Perspectives*, Vol. 9 (1995), No. 2, pp. 45-62.

policy, as is often called for. For the convergence of social policy advocated in this context does not aim at a better orientation to economic laws but at a harmonization at the level of those countries of western Europe which are rather unwilling to undertake reforms. Such a "social" component of internationalization would ultimately amount to forcing the poorer countries to adopt the social standards of western Europe which are often not very efficient; the consequence would be rising unemployment in these countries, too, and thus a growing pressure of migration to western Europe.²⁴ Instead, we should look for ways and means of shaping not only the regulation of the financial markets but also the labor market system and social policy in line with the challenges of our times.

²⁴ See Roland Vaubel, *Social Regulation and Market Integration: A Critique and Public Choice Analysis of the Social Chapter*, *Aussenwirtschaft*, Vol. 50, 1995, pp. 111-132.

ANNEX

Labor market trends in western Europe and some dominant causes of underemployment.

1. *Entrenched underemployment: the phenomenon of jobless or even job-killing growth*

In the past 20 years unemployment in western Europe has increased sharply, mainly in the member countries of the European Union. Underemployment is becoming less and less of a cyclical problem, which disappears more or less automatically once economic activity recovers, and is becoming more and more structurally entrenched.²⁵ One indication of this is the hard core of unemployed persons, which since the middle of the seventies has reached an ever-higher level at the start of each new economic recession and which suggests a growing global shortage of jobs; another indication is the high share of long-term unemployed, who include many older employees with simple qualifications, physical handicaps or other occupational disadvantages. Especially in some countries, it is becoming increasingly difficult for school and college leavers to find a job, with the result that this group of persons accounts for a large and growing share of the unemployed.

The increase in underemployment is taking place against the background of a growing labor supply for which a sufficient number of jobs is not available; either the level of employment changed very little over the economic cycles which is true for most European countries — or the increase in employment opportunities did not keep pace with the inflow of job-seekers, as in western Germany, where on balance as many as approximately 2 1/2 million new jobs have been created since the beginning of the eighties. The number of new jobs may seem impressive but it is dwarfed by the successes achieved in the United States.²⁶ During the same period

²⁵ For details see: *The OECD Jobs Study: Evidence and Explanations*, Part 1: Labour Market Trends and Underlying Forces of Change, Paris 1994.

²⁶ See: Ronald Schettikat, "The Macroperspective of the German Labor Market: A Comparison to the U.S. Labor Market", WZB Discussion Paper FSI, pp. 94-301, and *The OECD Jobs Study: Facts, Analysis, Strategy*, Paris 1994.

roughly 25 million additional jobs were created in the United States and — contrary to many claims — they are by no means confined to poorly paid services. However, real wages and salaries have hardly risen on average whereas their spread has become larger. But the trend in employment was on the whole much more favorable for job-seekers, and the unemployment rate did not reach anything like the European average. Moreover, the duration of unemployment is much shorter than in western Europe, where so-called long-term unemployment has become a particularly severe problem.

In the case of the long-term unemployed the consequences of underemployment are most evident. Apart from material losses, those affected often experience a loss of knowledge and work discipline which makes later reintegration into the work-force more difficult. In a society oriented towards employment, moreover, unemployment threatens to undermine the individual's sense of purpose; the feeling of no longer being needed is often followed after a time by an erosion of self-esteem. The result may be social demoralization which affects whole families and impairs the opportunities of their children. Long-term unemployment thus contains the seeds of future underemployment.

Since in the conception of a modern welfare society the unemployed, too, should participate in social life, wage substitutes are paid without a time limit in a number of countries, and some of these wage substitutes come very close to the wage level for comparable employment and often exceed the subsistence level.²⁷ The material incentive to look for a new job or to greater mobility is often very small in these cases.²⁸ For the employed the unemployment of others is, moreover, reflected in a higher burden of taxes and levies or in an increase of the cost of their labor unless the burden is passed on to future generations through public sector borrowing.

Underemployment, to the extent that it exceeds normal frictional unemployment associated with economic change, is on the whole undoubtedly detrimental both to the individual and society as a whole. But the big question is how it can be avoided. Here the dispute begins. Economists, when they analyze the basic features of underemployment with a dispassionate mind — but, more often than one thinks, with heated emotion — are often accused of equating the market for labor with that for goods. The application of tested methods of economic analysis to employment conditions may be repugnant to some people. But it is not the economic laws but unemployment that violates the dignity of the individual.

²⁷ See: *The OECD Jobs Study: Evidence and Explanations, Part II: The Adjustment Potential of the Labour Market*, Paris 1994, Chapter 8.

²⁸ See: Jennifer Hunt, "The Effect of Unemployment Compensation on Unemployment Duration in Germany", *Journal of Labour Economics*, Vol. 13 (1985), pp. 88-120.

2. Wrong explanation of unemployment and problematic attempt at a therapy

In spite of the varying experiences, one "explanation" of unemployment is exceptionally popular in western Europe: the old thesis, in ever-new forms, according to which the volume of work is limited and does not match the labor supply — which is said to be too great (lump of labor fallacy). Accordingly, most proposals for a therapy aim at a more "equitable" distribution of the existing work. Often a redistribution of employment by limiting overtime and by shortening working hours is suggested. Early retirement and longer periods for young people at training institutions are sometimes praised as a means to "relieve" the labor market.

Most west European countries have advanced a good deal down this road²⁹ without the problem of underemployment having been alleviated as a result. On the contrary, it has been exacerbated in almost all west European countries. Instead of reviewing this whole approach, however, many proponents of this thesis — who in Germany include many advocates in ecclesiastical circles — conclude from past experience that we have not advanced far enough along the path towards redistributing work.

Even though the various measures to reduce working hours have contributed little to overcoming the employment crisis — and indeed have even intensified it in some cases owing to the associated cost rises — they have meanwhile affected the sense of values of part of the population. Diligence is now sometimes regarded as an "unsocial" virtue. For example, those working overtime are often suspected of taking jobs from others. This is most evident in the changed attitude to early retirement. Whereas it tended to be feared in the past, it is now regarded as a vested social right by many people. In fact, the considerable costs of premature retirement burden the public budgets to a dangerous degree over the long term. In addition to ever-earlier retirement from the work-force, life expectancy is rising continuously, whereas working life is being shortened by longer training periods in many instances. In the long run, this might lead to a conflict between the generations, particularly as the demographic trend in the industrial countries suggest a "deterioration" of the age pyramid anyway.

3. The problem of wages and its significance in western Europe

The thesis of a fixed quantity of work stands, however, in sharp contrast to the realization that there is really much to do in today's world.

²⁹ *The OECD Jobs Study: Evidence and Explanations, Part II: The Adjustment Potential of the Labour Market*, Paris 1994, Chapter 6.

Many things seem to be out of order which could be rectified only by more work — and not by more leisure. It is frequently countered that there is not enough money to pay for additional employment.

The fact that much useful work is not done because, despite underemployment, the employees' income claims and buyers' willingness to pay differ widely is often not clear to the individual employee since, in the modern world based on the division of labor, he usually works far away from the final product and is hardly able to attribute individual payments. Furthermore, in the west European countries it is difficult for an unemployed person to reduce his wage claims himself: in most cases pay is not negotiated individually but collectively and fixed in pay agreements.

Wage patterns, to which enterprises but also public employers adapt in their personnel planning, are typically negotiated in western Europe between representatives of the employers and the trade unions. The pay agreements covering an entire sector are, as a rule, binding for the individual employment contract. This gives rise to the classical insider-outsider problem:³⁰ since the unemployed are not represented in these negotiations, their concerns are usually taken into account only insofar as they do not clash with the interests of employees and their trade unions as they themselves see them. The result in many sectors is a labor cost level which prevents additional jobs from being offered.

But it is not only the labor cost level but also the lack of sufficient wage differentiation by qualification, industry and region which explains considerable parts of underemployment in western Europe. In many sectors the trade unions enforced disproportionate rises in the lower wage brackets with the result that first the pressure to rationalize and later underemployment were particularly high in this segment of the labor market.

4. Employment-curbing effects and fiscal consequences of social policy in western Europe.

The problem of labor cost in western Europe is often exacerbated by intermittent interventionism in the field of labor law and social policy. The starting points for this are, for example, supposedly pressing misalignments such as dismissals or the tendency towards entrenched unemployment among specific occupational groups. In such cases, measures are looked for which are to have an immediate and concrete effect. The interdependencies

³⁰ For details see: Assar Lindbeck and Dennis Snower, *The Insider-Outsider Theory of Employment and Unemployment*, Cambridge, Mass., 1988.

with other regulations and the long-term effects are frequently neglected. This is the result of a systematic shortening of the time horizon, a temptation to which many politicians succumb — not least as a result of the widespread tendency to think in electoral time spans:³¹ although it is generally obvious that full employment in the economy as a whole offers the best protection for employees against arbitrary corporate action and also reduces the fear of dismissals, direct intervention in the market is preferred because full employment cannot be achieved in the short term.

The detrimental effects of such intervention over the long term in most cases make themselves felt only later on and are rarely attributed to the measures originally taken. Often outright intervention spirals develop which are followed by others if an unsystematic attempt is made to correct the situation. In most west European countries, the social security system now resembles a patchwork structure, and hardly any regular pattern can be identified. On the one hand, intervention regularly involves an increase in labor cost as a result of the burden of taxes and levies; on the other hand, it leads to special disincentives for job-seekers and for the provision of jobs. This is illustrated by the protection of vested rights under employment contracts.

In western Europe dismissals are generally considered to be “unsocial”, irrespective of the reasons for which they are made. Labor law in most west European countries therefore includes far-reaching dismissal protection and rather costly indemnity provisions which make it difficult to terminate an employment contract today.³² With the increasing costs of dismissals, fewer employment contracts are terminated but to a disproportionate extent this also bears on recruitment because — owing to an extended dismissal protection — not more but, as a result of the associated costs, fewer jobs are profitable on the whole.³³

The effects of the far-reaching protection of existing employment go beyond this, however.³⁴ For one thing, during an upswing, when the sustainability of the additional demand for labor is difficult to assess, enterprises will try to satisfy this demand by overtime rather than new

³¹ See, in particular: Carl Christian von Weizsäcker, *Zeitpräferenz und Delegation* (Time preference and delegation), *Zeitschrift für Wirtschaftspolitik*, Vol. 43 (1994), pp. 121-139.

³² *The OECD Jobs Study: Evidence and Explanations*, Part II: The Adjustment Potential of the Labour Market, Paris 1994, Chapter 6.

³³ See: Gilles Saint-Paul, “The High Unemployment Trap”, *The Quarterly Journal of Economics*, Vol. 109 (1995), pp. 527-550.

³⁴ See: Assar Lindbeck, “The Welfare State and the Employment Problem”, *American Economic Review*, Vol. 84 (1994), Papers and Proceedings, pp. 71-75.

recruitment. For another, they will select candidates for new jobs even more carefully owing to the potential costs of dismissal. Accordingly, those who are at a disadvantage anyway have even fewer opportunities: older employees, handicapped people, candidates with a low level of formal education or unusual career histories are disregarded. The intervening welfare state then quite frequently reacts to their higher unemployment risk with the introduction of quotas, labor cost subsidies and other non-market measures.

The tendency towards entrenched unemployment is a particular burden on public authorities and social security funds. On the expenditure side, public authorities are called upon to assist the unemployed with wage substitutes. The fiscal burdens rise with increasing underemployment. The unemployed not only receive public assistance payments, they also pay no taxes or social security contributions linked to their market income. The public sector is therefore affected by unemployment on the revenue side, too.

In principle, the government has three options to counter this burden. It may either generate additional revenue through taxes and levies or borrowing or it may economize on the expenditure side. Most west European countries have continually postponed or limited cuts on the expenditure side. Only recently has there been an increasing willingness to curtail or cut expenditure. For a long time, however, in addition to credit financing, priority was given to the comparatively easy option of increasing tax and contribution rates,³⁵ although higher taxes and social security contributions have substantial detrimental side effects in macroeconomic terms. This, incidentally, applies not only to the high marginal tax rates payable on top incomes but also, above all, to the marginal social security contributions and the marginal tax burden on normal labor income which, in Germany, for example, are accumulating to rates of over 50% of gross labor cost, including employers' contributions.

High taxes and levies on labor income, however, have the effect of a tax on the division of labor and specialization.³⁶ Today it is often more worthwhile even for a highly qualified computer expert to renovate his home or repair his car himself than to work longer hours in his own special field and to utilize the advantages of the division of labor by buying outside services. This break with the division of labor and specialization, which is disastrous for future economic developments, is slowed down only by resorting to "moonlighting", which has meanwhile reached considerable

³⁵ See: *The OECD Jobs Study: Taxation, Employment and Unemployment*, Paris 1995.

³⁶ See: Assar Lindbeck, "Consequences of the Advanced Welfare State", *The World Economy*, Vol. 11 (1988), pp. 19-37.

dimensions in many countries of Europe; moreover, it causes substantial income losses on the part of the government and the social security systems and therefore necessitates higher tax and contribution rates in the "formal" sector. On the official labor market, by contrast, it is above all the demand for less qualified work which declines; as a result, the burden of taxes and levies itself becomes the cause of increasing underemployment. The rising burden of taxes and levies widens the price discrepancy vis-a-vis the "black market" and thus tends increasingly to strangle the "formal" sector.

The burden of taxes and levies, moreover, has an impact on the unemployed persons' willingness to work. They only have an incentive to resume employment if they can generate a net income which is clearly above the level of wage substitutes or social assistance. In many cases, however, the various branches of the social security and tax system are insufficiently coordinated; the result is that the resumption of employment is not worthwhile for less qualified labor. In Germany, for instance, social security benefits in some cases exceed the net labor income that can be generated. Such a level and structure of social security payments are clearly a disincentive to efforts to find a new job.

Not least owing to the increasing level and entrenchments of unemployment, the welfare state in western Europe has continuously expanded during the past few decades, so that now it has often reached or exceeded its limits. In the indispensable reform of the welfare state, the sustained improvement of the employment situation must be accorded priority. Both the unemployed and employers must be given incentives which lead to more employment. Above all, it must increasingly be ensured that income from wage substitutes is perceptibly below even low labor income. In the concrete design of the welfare state, the postulate of *iustitia socialis* must not be understood unilaterally in the sense of *iustitia distributiva*. Taking account of the *iustitia commutativa* as far as possible is indispensable, precisely for achieving a lastingly functioning and socially just economic and social order.

Discussion of Dr. H. Tietmeyer's paper

ARROW

Dr. Tietmeyer's very thorough paper gives rise to much food for thought. I will confine myself to two questions. The first is the use of monetary policy in combating unemployment. Dr. Tietmeyer suggests that contra-cyclical interest rate policy, attempting to overcome fluctuations in demand by changing interest rates, is not feasible. I am better acquainted with the workings of the Federal Reserve Bank system than with those of the Bundesbank. Analysts of the former say that to predict the Federal Reserve's interest-rate decisions, one must look at both the unemployment rate and the rate of inflation, so monetary policy is partly directed at unemployment. One must ask if the very large unemployment rates in Europe could have been lower had there been a more relaxed monetary policy.

You emphasized that policies of individual governments and central banks are very much affected by world markets. Thus interest rate policy for any individual country is constrained, but the question is whether cooperation among central banks might not be able to expand employment even though no one bank could do so.

My second question concerns the difference between financial markets and real capital flows, a difference that you emphasized. Now, the financial system itself uses resources; in your paper, you point out the increasing volume of labour and other resources going into the financial system. The question is, if the aim of the system is to promote and direct real capital formation and if the financial markets bear only a limited relation to real capital flows, are we perhaps investing too much in the financial markets?

TIETMEYER

Professor Arrow's first question is concerned with the role of monetary policy in fighting unemployment. It has been the experience of many countries that attempts to stimulate demand and employment over the long run by means of an anti-cyclical interest rate policy are seldom successful.

In many cases they simply end up producing more inflation, if only because of the time between recognising the problem, taking a decision and realising the effects of that decision. The fact that market interest rates fluctuate within an economic cycle by no means implies that real economic trends can be nudged in the desired direction by varying central bank rates.

A particular case is the structural unemployment prevailing in Europe: there would be little point in trying to combat that through interest rate policy. Undesirable developments in, for example, fiscal, social and wage policies cannot be corrected through changes in interest rate policy but can only be concealed, at best, by such means in the short run. The Bundesbank's monetary policy is therefore geared, above all, to creating the underlying monetary conditions for economic growth that is free of both tension and inflation by continually tailoring the money supply, as accurately as possible, to the production potential of the economy.

If such a monetary policy strategy is to be successful, there has to be a stable empirical link between the supply of money through the central bank and real economic activity. In contrast to some other countries, this prerequisite is still fulfilled in Germany. There are many reasons for the erosion of this stable link in countries such as the United States, Japan and the United Kingdom. One major reason is certainly that the main thrust of monetary policy in these countries has traditionally been to achieve short-term cyclical objectives. An anti-cyclical interest rate policy, however, often fails to achieve not only the objective of stimulating and stabilising real economic trends but, unfortunately, also helps to generate greater volatility in the financial markets.

Professor Arrow's second question regarding the possible excessive size of the financial services sector is justified in this context. It is true that volatile financial markets create a demand for hedging facilities and therefore open up new areas of business for the financial services industry. However, expanding the financial services industry is surely not an objective in its own right. The deciding factor is ultimately the effect it has on allocating productive resources. By contrast, a monetary policy geared to combating inflation and exerting a steadying influence can counteract a misallocation of productive resources without increasing the size of the financial sector unnecessarily.

As far as Professor Arrow's reference to an internationally coordinated monetary policy is concerned, I would first like to emphasise that for some time there has been a satisfactorily functioning system of cooperation between the central banks. This has taken the form of an intensive exchange of information and experience. The G 10 central bank governors meet once a month in Basel. The central bank governors of other countries, too, take

part in some of the discussions. These meetings certainly attract less publicity than, for example, the world economic summits, which are staged with the interests of the media in mind. However, I am convinced that this form of monetary policy cooperation is much more successful in the end, even if — or precisely because — in most cases no interest policy agreements are made.

MUSELAY

Je crois que la contribution de M. Tietmeyer n'est pas seulement importante, mais très nécessaire et essentielle.

On constate que dans les encycliques pontificales antérieures à celle du Pape Jean-Paul II, on ne trouve presque rien sur le problème financier. Il s'agit quand même d'une question très essentielle, très nécessaire. On ne peut pas distribuer de richesse si cette richesse n'est pas constituée, n'est pas produite. Le problème financier de la distribution se pose partout comme une question essentielle. J'ai relu deux ou trois fois la contribution de Monsieur Tietmeyer, et voici la petite réflexion qu'elle a suscitée.

L'offre et la demande jouent un rôle déterminant dans la vie économique. Il est essentiel que l'on rétablisse un équilibre relatif entre ces deux facteurs afin qu'ils puissent remplir convenablement leur fonction. Ces deux facteurs ne sont pas contradictoires mais complémentaires. Il ne sert à rien de stimuler la demande, si l'offre ne la suit pas, car on ne récolte alors que l'inflation. Par contre, la mise en place d'instruments susceptibles de stimuler l'offre risquent d'être sans effet si la demande est anémique.

Nous savons bien que, depuis Keynes, les économistes n'ont jamais cessé de débattre la question si l'inflation serait favorable à l'emploi. Monsieur Tietmeyer explique très bien dans sa contribution que, visant à influencer la conjoncture économique, la politique monétaire ne peut qu'à court terme seulement stimuler l'accroissement et l'emploi.

Si on renonce à la stabilité monétaire, le pouvoir d'achat risque de prendre un très sérieux coup. La hausse ultérieure de l'inflation, conséquence de la faiblesse de la monnaie, mène nécessairement à une perte de compétitivité des entreprises et, avant que des mesures soient prises, exerce déjà des ravages aussi en matière d'emploi.

Nous savons que depuis quelques années, l'inflation ne constitue plus un problème majeur pour les pays de l'Union Européenne, tandis que le chômage reste un grand problème surtout dans les pays à monnaie faible. Je faisais mes études en Hollande et je continue de suivre l'évolution économique surtout dans ce pays.

Les Pays Bas sont arrivés, en 1995, à des meilleurs résultats, grâce à leur monnaie forte et à des mesures contre le chômage: une croissance économique de 3%, une inflation de 1,7%, un taux de chômage de 7%.

L'Europe actuelle est morose car elle est pleine d'incertitudes. C'est ainsi qu'une grande proportion de la population préfère l'épargne à la consommation. Alors, pour stimuler la demande, il faut d'abord susciter la confiance dans l'avenir. La stimulation de la demande par le déficit budgétaire de l'Etat conduit rapidement à l'impasse en raison du gonflement de l'endettement public. Elle mène aussi souvent au déficit extérieur.

En ce qui concerne l'offre, actuellement, le problème se situe principalement du côté des salaires. Au cours des dernières années, la relation entre le coût du travail et le chômage est devenue évidente. Un coût trop élevé du travail accélère la substitution entre le travail et le capital, le remplacement des hommes par les machines.

En Europe, au cours des trente dernières années, l'accroissement de la productivité s'est traduit presque automatiquement par une augmentation des salaires. Dans une situation de plein emploi, cette procédure est idéale: elle permet un juste partage du progrès. Elle correspond aussi à l'enseignement social de l'Eglise. En cas de sous-emploi, elle est cependant mauvaise, car elle rend l'intégration des chômeurs dans le circuit économique presque impossible.

A cet égard, le plus grand défi consiste à amener les travailleurs à se montrer solidaires avec leurs camarades moins favorisés. Il y a de beaux exemples à ce propos, mais aussi de mauvais. On pourrait citer le cas de Volkswagen de Wolfsburg et encore quelques exemples en Belgique et en Hollande.

La relance économique, ainsi basée sur l'offre et la demande, suppose aussi un effort coordonné au niveau européen. Les contraintes extérieures sont moins fortes pour l'Europe dans l'ensemble que pour chaque pays pris séparément. En effet, le commerce extérieur représente une part nettement moins grande pour l'ensemble de l'Europe que pour chaque pays isolé, car la somme des importations ne comprend pas l'échange intra-européen.

Quant à la discussion engagée sur les relations entre les différentes banques, je crois que le principe de la subsidiarité doit jouer un rôle important. Les Banques Centrales ne doivent intervenir qu'en cas de nécessité. Entre-temps, les petites unités bancaires devraient jouer un rôle important en proximité de la population.

TIETMEYER

Father Muselay has addressed a number of interesting points. His remark that financial markets and monetary stability have so far received comparatively little attention in the papal encyclicals seems particularly important to me. As far as I know, the meaning and necessity of a stable currency was first mentioned in *Centesimus Annus*. In contrast to more recent Catholic

social doctrine, the writings of the Middle Ages include a fairly intensive discussion on monetary stability and the negative consequences of inflation.

I would also like to give special emphasis to what Father Muselay said about the effects of inflation. Lasting effects on the level of employment cannot be achieved by means of an inflationary monetary policy. There is absolutely no doubt that, over the longer run, it is the negative effects of inflation that predominate. Inflation induces uncertainty and makes it more difficult to plan for the future. We know from experience that in a period of inflation investment, whose effect on demand and capacity generally has a positive influence on the current and future employment situation, is reduced or does not take place at all. Inflation also accentuates social conflicts instead of solving them, as some advocates of a policy of easy money would like to have us believe. The ones who suffer most are the socially disadvantaged, who, as a rule, are particularly hard hit by the negative distribution effects of inflation. Monetary stability therefore has a socio-political dimension, too, and this factor has not yet been given sufficient attention in Catholic social doctrine.

Finally, I agree with Father Muselay that we can learn from developments in the Netherlands, even though in that country, too, there are naturally some tasks that have still to be done. In the past few years the economic trend there has been more positive than in other European countries, especially as the wage trend has moved largely in line with progress in productivity, rigidities in the labour market have been reduced and necessary corrections in the welfare state have been possible. For me, the Netherlands offer a European illustration of the fact that, even under the conditions obtaining in today's financial markets, an improvement in the employment situation is possible if the right measures are taken and if these measures are borne jointly by all social groups.

SCHASCHING

Ich hätte zu den Ausführungen des Herrn Tietmeyer zwei kurze Anfragen. Die erste: Herr Tietmeyer hat überzeugend das Ausmaß und die Bedeutung der internationalen Finanzmärkte für die Arbeit dargelegt. Es muß festgestellt werden, daß die Frage der Finanzmärkte in der offiziellen katholischen Soziallehre eher bescheiden behandelt wurde. Meine Frage: Was könnte die päpstliche Akademie der Sozialwissenschaften beitragen, daß dieses Thema in der katholischen Soziallehre stärker behandelt werde?

Die zweite Frage: Herr Tietmeyer hat von der Bedeutung der Finanzmärkte für die optimale Allokation des Kapitals gesprochen. Gilt diese Allokation auch für die Entwicklungsländer oder werden gerade sie von den Finanzmärkten ausgegrenzt?

TIETMEYER

I entirely agree with Father Schasching. The topic of financial markets and monetary stability has to be treated in greater depth in the Catholic social doctrine. This certainly does not mean addressing the technical details. But the Catholic social doctrine should be concerned with the question as to how far ethical principles can and must apply to the conduct of financial market players. I could imagine that the Church will actually devise a few principles on this subject. I would like to remind you in this connection of Father Oswald Nell-Breuning, who wrote his doctoral dissertation on the topic *Grundzüge der Börsenmoral* (Fundamentals of stock exchange ethics) as far back as 1928. But it is not only the behaviour of market participants that is important. The regulatory framework is also important for the manner in which the financial markets function. The content of this regulatory framework has a role to play in deciding whether the financial markets can adequately fulfil their economic function of managing capital and whether the risk of critical developments can be kept as small as possible.

All countries, and particularly the developing countries, can benefit from satisfactorily functioning global financial markets. On the other hand, financial market crises can have serious negative effects on growth and employment and bring whole countries to the brink of ruin. I think that during the Mexico crisis mistakes were made from which one can and must learn. I think it is particularly important for the developing countries to create adequate financial market infrastructures before expecting to be successfully integrated into the global network of financial markets. A country's domestic policy must also be credibly geared to stability. Politically motivated considerations about prestige, unsound public financing, the retention of an unrealistic exchange rate pattern and too great an alacrity in opening up national financial markets are poor preconditions for the permanently successful integration of a developing country into the international financial markets. As the Mexico crisis has shown, such errors can bring not only one isolated country into serious difficulties but can also badly affect the entire international financial system at the same time.

I think another lesson can be learned from the Mexico crisis. If financial market crises are to be avoided, it is crucially important that the economic sanction mechanisms of the financial markets continue to function satisfactorily. Success in overcoming financial market crises must not result in a diminution of financial market players' awareness of risks. Anyone who wants to take his chance at making a profit must also be prepared to bear any potential losses. If, however, financial market participants who are hit

by a crisis or, indeed, entire states think they can rely on generous international financial help, the probability of future financial market crises will increase with every rescue operation undertaken.

One thing is certain: global financial markets are now part of economic reality. This reality must not be overlooked or underestimated. Developments on the world's financial markets cannot be reversed, as some may perhaps hope. Globalisation is an irreversible process which one cannot avoid but which one must come to terms with.

LA DÉMOCRATIE: SES RELATIONS AVEC L'EMPLOI ET LA REPRÉSENTATION DES INTÉRÊTS DU CAPITAL ET DU TRAVAIL

RENÉ RÉMOND

DEMOCRACY: ITS RELATIONS WITH EMPLOYMENT AND WITH THE REPRESENTATION OF INTERESTS OF CAPITAL AND EMPLOYMENT

SUMMARY

In this context, to refer to the concept of democracy is to confront the problem of the relations between employment and politics. However, employment and politics pertain to different domains: democracy is essentially a political notion whilst employment concerns the sphere of economic activities and its associated social relations. Thus politics and economics belong to orders of reality which are partly defined by their reciprocal exclusion. The socio-economic field embraces the numerous differentiations which derive from the division of labour between individuals, whereas citizenship is defined by that which all individuals share in common. Furthermore, democracy, as inherited from the tradition of liberal thought, institutes the distinction between the private and the public domains: politics represents the quintessence of the public domain, whereas the economic and the social belong to the private domain.

However, to establish a distinction between these domains should not lead to their complete separation. On the one hand, this is because the same individuals are both citizens and economic actors. Hence it cannot be expected that they will disregard their working conditions when making their political choices. On the other hand, the good standing of democracy partially depends upon that of the economy and of working relations. Thus, there are numerous connections between the employment situation and the functioning of political society. Therefore, democracy cannot be indifferent to changes in employment. Today, the decline of democracy is a real threat because of the disenchantment of citizens due to the increase of unemployment. Here it is worth drawing attention to the disappointment which developed in eastern Europe, immediately after the fall of communism,

which was such that former Party leaders have just been brought back to power, through the election process.

There are further valid reasons why democracy should also focus on employment, because democracy itself entails values and refers to principles which extend beyond the borders of politics *per se*. This is then an invitation to examine the thought of the Church on the topic. In fact, the Church has fluctuated between asserting the responsibilities of the State and denouncing its abuses of power. Thus, the Church has accepted that its pronouncements should not go beyond the limits of such rather general statements.

Unemployment is the most crucial and urgent problem which has had a considerable impact upon the concept of democratic politics. Democracy itself has been transformed, as a consequence of aspirations for equality, (egalitarianism being inherent to the idea of democracy), since the right of everyone to work, and therefore to obtain employment, has come to be seen as a responsibility of state power. Nevertheless, today the allocation of employment constitutes the greatest inequality in society. The consequences of this phenomenon are significant, because of the importance attaching to work in our society: people's differential "life chances" are determined by employment and a person is defined by his or her work. To accept the inequality of employment is to threaten the deepest foundations of democracy. Three aspects of this problem should be stressed: (i) Women and men should have an equal access to work, but how can this equality of sexes in relation to employment be ensured and by what process? (ii) Immigrants enter into competition with nationals: should the State grant priority to nationals or should it ensure a strict equality between all persons seeking employment? (iii) The increasing need for qualifications condemns a growing number of individuals to finding no place in productive employment: the importance attached to more advanced training thus becomes a source of social division.

The answer to all these questions probably lies in a new definition of work which integrates forms of activity which are not subsumed under a commercial definition of productive employment. The narrow criterion of profitability should be replaced by that of social usefulness, analysed in terms other than those strictly linked to principles of profit and loss.

If democracy is not confined to the political sphere, should not the structure and operation of companies also conform to the principles of democracy? Is it acceptable that individuals, who are active citizens and responsible subjects of political society, should be treated as minors and as simple commodities in their work? On the contrary, the firm must also be a place where each personality can express itself and where a certain space for freedom is allowed. The firm also has duties towards the community and in consequence must take the general interest into account in its activities. Public authorities cannot allow power relations to be settled through unregulated conflict. Democracy must institute regulations and control their implementation. Although it favours the rule of law over negotiation, nevertheless it must provide for arbitration in the case of persistent disagreement between the parties.

Representation is intrinsic to democracy, yet today industrial relations are threatened because of a crisis in democratic representation: on the one hand, there

is a loss of confidence in trade unions and, on the other, the mass of unemployed people has no representation whatsoever.

Finally, democracy cannot be exercised when the decisions implemented in one country are contested by other countries. Instead, its development on a world-wide scale and the application of democratic principles to such issues as the internationalisation of trade and the reduction of tariff barriers are the only ways of tackling these problems at a planetary level. This is the reason why it is necessary and urgent to state a global point of view on this major issue.

Le sujet du présent rapport présente, par comparaison avec ceux dont traitent la plupart des autres communications, une singularité: toutes ou presque se situent sur le terrain des réalités économiques ou des relations sociales, ou à la jonction des deux; celui qui m'a été confié par le Comité d'organisation de notre prochaine session introduit une autre dimension: avec la référence à l'idée et à la pratique de la démocratie, intervient le politique. De ce fait est posée indirectement la question des rapports entre le travail et la politique.

Peut-il y en avoir? Et même doit-il y en avoir? La réponse n'est pas évidente: travail et démocratie se situent sur des lignes différentes et qui ne sont pas destinées à se recouper. La démocratie est une notion et une réalité essentiellement politiques. Le travail relève de la sphère des activités économiques et des rapports sociaux. Or politique et économie appartiennent à des ordres qui se définissent en partie par leur exclusion réciproque. Quant à ce qu'on appelle le social, il prend en considération les différenciations que la division des tâches établit entre les individus et dont le politique se fait au contraire une règle de ne pas tenir compte: le citoyen se définit par ce que tous les membres d'une même société politique ont en commun et qui exclut les distinctions de sexe, de classe, de croyance. La loi est la même pour tous et ne fait ni exception ni discrimination: autrement elle ne serait plus la loi mais une addition de statuts particuliers. La pensée libérale, à laquelle la démocratie a emprunté comme un de ses acquis les plus précieux la distinction du public et du privé, dont l'oubli ou la méconnaissance porte en germe le totalitarisme tient le politique pour la quintessence du public; alors que l'économie et le social font par nature partie de la sphère du privé. Aussi tient-elle pour une confusion regrettable et redoutable que le pouvoir politique s'ingère dans la gestion de l'économie comme de se mêler des relations sociales, en particulier pour réglementer le travail. Dans ces conditions, quelle peut bien être pour une réflexion sur la place du travail dans l'économie moderne et la société civile contemporaine

le sens de la référence à la démocratie? En d'autres termes qu'attendre concrètement dans le déroulement de notre session d'un rapport sur ce thème? Telle est la question devant laquelle je me suis trouvé et à laquelle il importait de donner d'abord une réponse.

Si la distinction des domaines s'impose pour les raisons que nous avons dites, elle ne saurait cependant conduire à une totale séparation. Ne serait-ce qu'à cause de leur rencontre à chaque instant dans l'expérience vécue par chacun dans son existence personnelle: le même homme, la même femme sont à la fois travailleurs et citoyens, agents de l'activité économique et acteurs du jeu politique. Il n'est pas concevable que le salarié, ou le chômeur qui a perdu son emploi fasse entièrement abstraction de sa situation, de ses problèmes, de ses conditions de travail quand il est sollicité comme citoyen de faire acte politique, par exemple au moment d'émettre un vote, ou dans le jugement qu'il porte sur le régime politique et les institutions. Il y a donc inévitablement interférences multiples entre la conjoncture économique et en particulier la situation de l'emploi d'une part, et de l'autre le fonctionnement de la société politique. La bonne santé de la démocratie dépend pour partie de celle de l'économie et de l'état des relations du travail. Sans faire de la crise économique des années 30, comme l'ont fait à tort certaines explications, la cause déterminante de la crise des démocraties dans les sociétés occidentales, il n'est pas douteux que la "grande dépression" a eu une part de responsabilité dans la montée des régimes totalitaires et l'accession des nationaux socialistes au pouvoir en Allemagne. Sans succomber à la séduction des reconstitutions imaginaires du passé, il n'est pas déraisonnable de penser que, si la prospérité des années 20 s'était poursuivie dans la décennie suivante, l'épreuve de la seconde guerre mondiale aurait peut-être été épargnée au monde. C'est une raison assez forte pour que la démocratie ne se désintéresse pas de l'évolution de l'emploi.

Indépendamment de telles circonstances exceptionnelles qui ne se reproduiront peut être point, la démocratie, comme tout régime légitimement désireux de préserver son indépendance d'action, peut être conduite à intervenir dans le champ de l'économie pour éviter que des intérêts privés ne deviennent des puissances en mesure de peser sur la liberté des décisions politiques. Impossible donc pour la démocratie de se désintéresser totalement de l'évolution du rapport entre les forces économiques et sociales. Elle peut être amenée à adopter des dispositions préventives, sous peine de manquer à ses devoirs et au risque de compromettre l'avenir.

Si la situation présente ne comporte probablement pas de tels dangers, la démocratie court un autre risque qui n'est pas moins pernicieux et qui pourrait être mortel: elle est aujourd'hui moins menacée d'une tentative de

confiscation du pouvoir par la violence que de consommation insidieuse par indifférence croissante des citoyens et ce, en partie, du fait de la dégradation de l'économie et en particulier de la progression du chômage. Quel peut bien être en effet l'avenir de la démocratie quand un quart des jeunes de moins de vingt-cinq ans n'a pas encore travaillé faute de trouver un emploi et n'a pas d'autre expérience que la recherche, toujours décevante, d'une occupation rémunérée? Comment espérer qu'ils s'insèrent normalement dans la société et deviennent acteur conscient et raisonnable de la vie politique? S'il en est ainsi dans les pays où la démocratie a une longue histoire qui l'a enracinée dans les habitudes, le danger est plus grand encore dans ceux où elle est une conquête toute récente. On en a un exemple avec l'évolution des forces politiques dans les pays qui, à l'est du continent européen, se sont récemment libérés de l'hégémonie soviétique et soustraits au régime communiste. Cinq années ont suffi pour que la déception engendrée par les conséquences immédiates, et peut-être temporaires, du retour à l'économie de marché, avec les inégalités entre les revenus fixes et les autres, entre ceux qui travaillent et les retraités, la perte de la sécurité de l'emploi ramènent au pouvoir dont ils avaient été chassés les anciens dirigeants, ou leurs héritiers, par l'expression libre du suffrage populaire dans le cadre des institutions démocratiques.

La considération des catastrophes qui pourraient résulter pour la démocratie d'une mauvaise conjoncture ou d'une organisation défectueuse des rapports sociaux n'est pas la seule raison qui jette un trait d'union entre elle et le travail. Même s'il est vrai que la démocratie, étant une construction de la raison et de la volonté et non une donnée de l'ordre naturel, est de ce fait relativement fragile et vulnérable, il y a aussi des raisons positives qui tiennent aux caractères propres de l'idée démocratique. La démocratie n'est pas seulement la forme aujourd'hui la plus commune d'organisation des sociétés politiques, le mode le plus courant de répartition du pouvoir. C'est surtout la seule qui soit reconnue comme légitime, même si ses principes sont souvent bafoués dans la pratique par le comportement des gouvernements comme par les dévoiements des opinions publiques. La démocratie se réfère à des principes, implique des valeurs, porte en elle des virtualités dont l'application ne s'arrête pas aux frontières du politique. Il y a dans l'idée démocratique une dynamique qui aspire à s'étendre à toutes les dimensions de la vie en société.

Ainsi la démocratie a recueilli et repris à son compte l'héritage des libertés publiques que le libéralisme avait définies et conquises: peut-elle alors souffrir que ces libertés ne soient pas respectées dans les microsociétés que fédère la société politique qui est la société globale? Par exemple dans l'entreprise comme dans toute autre institution? L'individu peut-il être

citoyen actif, sujet responsable de la société politique et simple objet traité en mineur dans son travail? En d'autres termes l'entreprise ne doit-elle pas, elle aussi, s'inspirer des principes démocratiques et conformer son organisation interne à ses règles? Autre exemple des répercussions de l'acceptation de la démocratie sur l'organisation du travail: elle est exigence d'égalité: peut-on alors concevoir qu'elle se désintéresse des inégalités qui résultent du progrès technique ou des développements de l'économie?

On conviendra donc qu'il n'était pas étranger à notre réflexion sur le travail dans la société d'y introduire le fait démocratique et de s'interroger sur ses relations, de fait et de droit, avec le travail. A condition assurément de se garder de retomber dans la confusion que dénonce judicieusement la pensée libérale entre ce qui est de la responsabilité légitime et des compétences ordinaires de la puissance publique et ce qui relève principalement de l'initiative privée, individuelle ou collective. Ce n'est du reste pas la moindre des difficultés qui naissent de l'inévitable et peut-être souhaitable interférence entre public et privé que de repérer l'emplacement et de dessiner la frontière entre les deux domaines, en particulier pour une réflexion qui entend s'inspirer de la pensée de l'Eglise sur la société. Ce n'est pas en effet sur ce sujet que cette pensée est la plus élaborée. Elle oscille entre la reconnaissance de la responsabilité de l'Etat pour définir le bien commun et la dénonciation de ses excès de pouvoir. L'histoire des rapports de l'institution ecclésiale avec les puissances séculières explique assez ces balancements: tantôt partenaire, et tantôt adversaire, elle leur a été associée de trop près et elle a eu aussi trop à souffrir de leurs ambitions et de leurs entreprises. Mais le Magistère peut-il aller beaucoup au-delà de ces affirmations symétriques et complémentaires qui délimitent un espace pour l'intervention légitime et nécessaire du politique? Le rapport du professeur Schashing insiste justement à plusieurs reprises sur les limites que l'enseignement officiel de l'Eglise ne peut excéder. C'est plutôt à l'initiative des chrétiens, tant par leur réflexion que par leur action, qu'il appartient de remplir l'intervalle entre les frontières tracées. Le présent rapport n'a pas une ambition aussi vaste: il vise plus simplement à repérer quelques-unes des questions les plus pressantes ou les plus fondamentales qui surgissent du rapprochement entre le travail et la démocratie et à esquisser quelques aspects de leur système de relations réciproques.

* * *

En quoi la référence à la démocratie modifie-t-elle donc la relation entre le travail et la société? Quelles orientations le choix de la démocratie imprime-t-il à l'organisation du travail? Telles sont les questions auxquelles il faut donner une réponse?

Je propose de prendre pour point de départ la question la plus actuelle: celle-là même qui a le plus fait pour inscrire le travail au premier rang des préoccupations des gouvernants comme des gouvernés: la reconnaissance du droit de chacun à travailler qui a pour corollaire, si sa légitimité est reconnue, l'obligation pour la société de procurer du travail à chacun et, par voie de conséquence, fait du plein emploi une responsabilité de la puissance publique. La revendication est ancienne, presque autant que l'idée de démocratie: n'est-il pas significatif que le droit au travail ait figuré parmi les revendications formulées en France dans les débuts de la Seconde République, au moment où y est instauré le suffrage universel masculin, qui est à l'époque le symbole et la condition de la démocratie? Cette revendication a été reprise pendant la seconde guerre par les gouvernements alliés qui en ont fait un objectif solidaire de la restauration de la démocratie et qui ont pris l'engagement de réaliser le plein emploi. L'ampleur des tâches de la reconstruction relayée par la croissance, a permis pendant un quart de siècle de tenir cette promesse et de satisfaire à une requête qui tirait son importance psychologique du souvenir des effets de la crise des années Trente. Mais depuis le premier choc pétrolier, le décalage croissant entre les progrès de la productivité et l'accroissement du nombre des demandeurs d'emploi ainsi que la mondialisation des échanges ont restitué à cette vieille revendication une actualité et un caractère d'urgence, en même temps qu'ils insinuaient le doute sur la capacité de la politique à trouver à cette exigence une réponse adéquate.

La question concerne directement la démocratie car il y a harmonie entre elle et la reconnaissance du droit au travail. Les deux sont liés de plus d'une façon. La démocratie est aspiration à la plus grande égalité possible entre tous les membres d'une société. Or il n'y a pas de nos jours de plus grande source d'inégalité que l'inégale distribution des ressources en matière d'emploi: en temps de crise, la différence entre qui a un travail assuré et celui qui a perdu le sien ou n'en a jamais trouvé est plus décisive que toute autre. En particulier entre ceux auxquels leur statut garantit la sécurité pour toute la durée de leur activité professionnelle et ceux qui sont exposés à la précarité de l'emploi et qui connaissent de ce fait une inquiétude de tous les instants sur leur avenir. De cette inégalité les effets sont considérables et multiples: ce n'est pas seulement l'incertitude du lendemain ou l'impossibilité de pourvoir à sa subsistance et à celle des siens. C'est plus encore en raison de la place qui est reconnue au travail dans les sociétés modernes: depuis un siècle ou deux, depuis que nos pays sont engagés dans la succession des révolutions industrielles, le travail rétribué est le moyen principal et presque exclusif de s'insérer dans la société; autrement on n'existe pas au regard des autres. Pour exister, être reconnu, avoir une

identité, il faut entretenir des relations sociales, appartenir à des groupes: c'est essentiellement l'activité professionnelle qui en est l'occasion. On est défini par son métier. A preuve la composition des questionnaires d'identité, des formulaires administratifs que chacun est appelé en toute circonstance à remplir: parmi les toutes premières questions, aussitôt après l'âge et le sexe vient l'indication de la profession. Signe de l'importance que revêt cette question dans l'idée qu'on se fait de soi-même et plus encore dans l'esprit des autres. Qui n'a pas de métier ou ne peut mentionner un emploi est privé de reconnaissance et se trouve rejeté parmi les exclus. Or la démocratie est aussi exigence d'universalité, du même mouvement qui la fait aspiration à l'égalité. Décevoir cette aspiration à être reconnu qui est aussi profonde que l'impérieuse nécessité de travailler pour vivre, c'est atteindre la démocratie dans ses fondements mêmes. Il y a donc bien une relation fondamentale entre la démocratie et la reconnaissance du droit au travail pour tous.

Ce lien entraîne nombre de conséquences. Je n'en mentionnerai que trois parmi les plus actuelles ou les plus importantes.

Puisque la démocratie est tendanciellement universaliste, la reconnaissance du droit de chacun à avoir un emploi vaut pour tous: les femmes n'y ont pas moins droit que les hommes. L'affirmation de cette égalité des sexes pour le droit au travail n'est pas sans conséquences pour l'enseignement de l'Eglise catholique sur la société: elle a longtemps pu donner l'impression, en soulignant à juste titre que l'égalité n'était pas l'uniformité et ne devait pas conduire à méconnaître les différences, qu'elle restreignait le rôle social de la femme à son rôle de mère de famille et qu'elle la cantonnait dans la vie au foyer. Or c'est une donnée capitale de l'évolution de nos sociétés que la plupart des femmes aspirent aujourd'hui, pour des motivations diverses mais qui ont toutes leur légitimité, à exercer une activité sociale rémunérée. Comment donc assurer démocratiquement l'égalité des sexes pour l'accès à tous les emplois et pour leur rémunération? Comment leur ménager un déroulement de carrière analogue aux hommes tout en mettant au monde et en éduquant des enfants?

La présence dans les sociétés les plus développées de populations immigrées nées sous d'autres cieux et venues chercher du travail ou appelées pour satisfaire le besoin de main d'oeuvre pose un problème délicat en période de sous-emploi, puisqu'elles entrent en concurrence avec les nationaux: faut-il réserver à ceux-ci un droit de priorité au motif qu'ils sont citoyens et les faire donc bénéficier d'une préférence, ou veiller au contraire au respect d'une stricte égalité entre tous les demandeurs d'emploi? La démocratie s'accommode mal des traitement inégaux, mais comment éviter des réactions de rejet de la part de l'opinion publique?

L'exigence croissante de qualification, qui est la conséquence du progrès technique, entraîne la disparition progressive des tâches manuelles qui constituaient aux débuts de la révolution industrielle la majorité des postes de travail et ne demandaient que de la force physique. De ce fait, la corrélation est de plus en plus étroite entre le niveau de formation et la possibilité de trouver un emploi: aussi tous les gouvernements favorisent-ils la formation. Mais il y a une proportion, qui paraît bien irréductible, d'individus inaptes pour des raisons diverses à acquérir ce type de formation. Qu'en faire? Comment les employer? Plus s'élève dans une société le niveau général de formation, plus augmente le nombre de ceux qui accèdent à un niveau élevé et plus aussi devient critique la condition de ceux qui en sont empêchés. Loin de faire progresser la démocratie, les efforts pour développer l'éducation concourent indirectement à creuser l'inégalité et sont des facteurs de constitution d'une société duale. L'impossibilité d'acquérir pareille formation condamne au chômage et précipite dans l'exclusion puisque le travail est le principal facteur d'intégration sociale. C'est là peut-être un des plus grands défis adressés à la démocratie.

Comment dans des économies, dont la complexité est un trait dominant, la démocratie pourrait-elle donc faire du droit au travail, dont on reconnaît qu'il découle de ses principes, une réalité effective pour le plus grand nombre, alors que le pouvoir politique n'est pas en mesure de créer des emplois et ne saurait se substituer à l'initiative des entrepreneurs?

* * *

Une réponse est probablement dans la recherche d'une nouvelle définition du travail qui en élargirait la notion. Depuis quelque deux cents ans notre représentation du travail privilégie presque exclusivement l'activité directement productrice de biens matériels sous forme de travail industriel et donnant lieu à une rétribution sous la forme de salaire et calculé en rapport avec la plus-value apportée par le travail: le critère de rentabilité immédiate est déterminant. Or cette sorte d'emplois croît moins vite que le nombre des demandeurs d'emploi. Il faudrait donc intégrer d'autres formes d'activité qui ne répondent pas à la définition marchande. Non seulement ce ne serait pas contraire à la notion de démocratie, mais sans doute plus conforme à son essence. Ce n'est pas la seule démocratie qui invite instamment à cette révision des critères d'évaluation des activités mais l'évolution générale des sociétés. Au critère trop étroit de la rentabilité, appréciée en fonction de calculs comptables, il faudra substituer celui de l'utilité sociale; quantité de fonctions ne sont pas immédiatement rentables et n'en sont pas moins indispensables parce qu'elles répondent à des

besoins collectifs. Au reste n'est-ce pas déjà le fait de bon nombre de tâches qui échappent et échapperont toujours à une évaluation en termes purement comptables? Quel peut être le rendement d'un magistrat? Quel sens donner à la notion de productivité dans la transmission par l'enseignement d'un savoir? Autant de tâches dont l'utilité n'est pas douteuse et dont la rétribution ne peut être estimée selon les critères du travail ordinaire. Cette redéfinition de la notion de travail appellera aussi une définition juridique plus souple et plus diversifiée.

Si l'ampleur et l'extension progressive du chômage, la gravité de ses incidences sur les destinées individuelles et le destin des sociétés ainsi que la nécessité pressante d'y remédier confèrent à la revendication du droit au travail une actualité toute spéciale et requièrent par priorité notre attention, ce n'est pas le seul aspect des relations entre travail et démocratie. Indépendamment des situations de crise ou d'exception, l'organisation du travail pose à la démocratie des questions permanentes et qui ne sont pas de moindre importance.

Reprenons l'interrogation précédemment formulée: est-il concevable dans une société, qui a fait de la démocratie le principe de son organisation politique et la règle pour la solution des problèmes les plus généraux, que des institutions particulières, des secteurs d'activité fonctionnent selon des principes différents, à plus forte raison contraires? Est-il par exemple possible que l'entreprise ne connaisse d'autre principe que hiérarchique, que les relations du travail continuent d'être régies par voie d'autorité, que le pouvoir soit tout entier concentré dans la direction, que les apporteurs de capitaux soient seuls à prendre les décisions qui engagent l'existence de l'entreprise? Si ce fut jadis admis, il paraît aujourd'hui moins acceptable que les diverses catégories qui participent à divers titres à la vie de l'établissement ne soient pas informées, consultées, associées. D'autant que la plupart remplissent de nos jours des rôles qui comportent plus de compétence, d'intelligence, d'initiative et de responsabilité qu'au temps où la force physique était l'apport principal des salariés à la marche de l'entreprise. Il n'est certes pas question de contester la nécessité d'une autorité qui décide et à qui appartient la responsabilité essentielle, mais l'entreprise est aujourd'hui tenue de traiter ses employés comme des citoyens dans l'entreprise elle-même. Ce n'est pas seulement la nature démocratique du régime politique qui milite en ce sens; c'est une certaine vision de l'homme qui exclut que l'entreprise puisse s'estimer quitte avec son personnel quand elle leur a versé une rémunération: l'entreprise doit être aussi un lieu où se construit la personnalité, un espace de liberté et de responsabilité.

En sens contraire, l'entreprise a aussi des obligations envers la collec-

tivité nationale. Il ne suffit pas qu'elle se conforme aux lois; il va de soi qu'elle doit observer les réglementations arrêtées par les responsables politiques. Mais elle doit aussi prendre en considération l'intérêt général. C'est dire que la rentabilité ne saurait être l'unique critère de ses choix stratégiques: la maximisation des profits ne peut être son seul objectif. On dit de plus en plus aujourd'hui que l'entreprise doit être citoyenne: c'est admettre qu'elle a des responsabilités plus larges. Quand une entreprise décide d'affecter une part même minime de ses bénéfices à d'autres postes que la rémunération du capital, la distribution des dividendes ou le réinvestissement, par exemple le soutien d'actions humanitaires ou des réalisations culturelles, elle ne trahit pas sa raison d'être: ce n'est pas un détournement. Le mécénat d'entreprise est une forme de participation à la vie de la société. Ce qui appelle une définition moins étroite et moins contraignante de l'abus de biens sociaux.

Si les pouvoirs publics n'ont pas normalement à intervenir dans les relations du travail, laissées à la libre discussion des parties prenantes, ils ne peuvent néanmoins s'en désintéresser complètement: impossible notamment de laisser les rapports de force régler les différends éventuels. La démocratie exclut toutes les sortes de contraintes: aussi bien celles qui procèdent de la supériorité du fort sur le faible que celle d'une autorité tyrannique. La démocratie implique que le droit prévale sur la force. Aussi est-ce la responsabilité des institutions démocratiques de définir le cadre dans lequel les conflits, qui résultent inévitablement de la contradiction des intérêts et de la divergence des vues doivent être résolus, les règles de procédure, et de veiller au respect des dispositions légales. La démocratie ne peut se satisfaire de la domination sans partage d'une majorité: compte tenu du caractère généralement relatif de la plupart des solutions mises en oeuvre, elle donne toujours la préférence à la recherche du compromis qui se situe au point de rencontre entre les points de vue antagonistes. Elle privilégie en conséquence la négociation, la consultation. Exceptionnellement si tout accord apparaît impossible entre les partenaires devenus des adversaires irréductibles, il appartient aux pouvoirs démocratiques d'imposer leur arbitrage au nom de l'intérêt général.

La démocratie, c'est aussi la représentation de tous, y compris dans l'ordre social. Nous touchons là à un point délicat, un de ceux qui prètent de nos jours le plus à controverse. Comment s'assurer de la représentativité des représentants? Nos sociétés démocratiques traversent toutes aujourd'hui une crise de la représentativité. Non pas de la démocratie dont le principe n'est plus guère contesté et ne connaît pas d'alternative, mais de la représentation en démocratie, et dans tous les secteurs: politique comme syndical. Les partis ont perdu la confiance des citoyens comme les organi-

sations professionnelles ont perdu celle des catégories qu'elles sont censées représenter et qui font dans les conflits sociaux davantage confiance à des comités qui surgissent pour la circonstance et qui s'évanouissent aussitôt que l'épreuve de force est passée. Les pouvoirs publics se trouvent de ce fait privés d'interlocuteurs responsables capables de concevoir un intérêt général supérieur à celui des groupes dont ils défendent les intérêts immédiats.

La représentation des diverses catégories accuse une autre défectuosité qui nous ramène au problème précédent du sous-emploi et du droit au travail. La masse qui va croissant des sans-emploi n'est pas représentée: elle ne dispose pas d'organisations propres et les grandes centrales syndicales sont presque exclusivement préoccupées de préserver les avantages acquis de leurs adhérents qui ont un emploi. L'inégalité déjà choquante qui était notre constat de départ, entre ceux qui bénéficient d'un emploi stable et les autres, se prolonge ainsi dans une disparité au regard de la représentation. Les chômeurs sont privés d'expression. Il faudrait que les syndicats leur prêtent une voix. Cette inégalité constitue une atteinte grave à l'accomplissement de la démocratie qui est exigence de solidarité. Celle-ci devrait aller jusqu'à l'acceptation, par ceux qui ont la chance inappréciable d'avoir un emploi en temps de crise, de partager temps de travail et rémunération avec les autres. Sur cet exemple, on perçoit la diversité et l'étendue des conséquences que l'acceptation sincère des principes et des valeurs démocratiques devrait emporter dans l'organisation du travail.

Nous avons raisonné jusqu'à présent comme si chaque société globale dans le cadre national constituait un isolat dont le sort pouvait être réglé en faisant abstraction du reste du monde. Que telle ne soit plus de nos jours la situation n'a guère besoin d'être démontré; chacun en fait quotidiennement l'expérience concrète. En conséquence, tout ce qui peut être démocratiquement décidé par les pouvoirs publics d'un pays démocratique est sujet à être remis en question par l'évolution de la planète. Comment donc préserver l'égalité démocratique et espérer résoudre démocratiquement les problèmes si à tout instant les efforts en ce sens risquent d'être anéantis par des initiatives extérieures? Pas seulement parce que les autres pays ne se sont pas tous donné des institutions démocratiques et n'observent pas les conditions qui en découlent, mais parce que la démocratie ne règle pas les relations internationales qui demeurent encore essentiellement régies par des rapports de force et de domination. La mondialisation de l'économie, l'internationalisation des échanges, l'abaissement de toutes les barrières qui protégeaient les espaces nationaux, la suppression de l'espace par la révolution de la communication, la place croissante faite aux activités immatérielles ont pour effet de permettre aux plus puissants ou aux plus

riches d'imposer leur supériorité, d'exporter le chômage, de faire varier les monnaies à leur gré. Faute d'un accord de tous sur le respect de quelques règles, les efforts entrepris pour conformer le fonctionnement de l'économie et les relations du travail aux exigences d'égalité, d'universalité qui sont indissociables de l'idée de démocratie courent grand risque de n'être qu'une construction fragile emportée à la première crise.

Dans ces conditions notre réflexion peut-elle se désintéresser de la dimension mondiale? Il me semble qu'elle le peut d'autant moins que ce qui nous rassemble de tous les continents et de toute culture est précisément la dimension universelle de l'Eglise catholique. C'est le Pape Jean XXIII qui dans son encyclique *Pacem in terris* appelait de ses vœux et évoquait la perspective d'un début de gouvernement mondial. Sans nourrir de chimères ne pourrait-ce être une des contributions spécifiques de notre Académie que de souligner la nécessité et l'urgence de prendre une vue globale du problème et d'encourager ce qui se fait déjà en ce sens, en particulier avec les organisations qui exercent des responsabilités à l'échelle de la planète?

Discussion of Prof. R. Rémond's paper

ZUBRZYCKI

Two things struck me quite powerfully in listening to and, earlier on reading, in part translation, the text of Professor Rémond's paper: the distinction between public and private, and the theme of inequality and social stratification. My question is this: if we are going to use the tools or precepts of Catholic social doctrine, then I would guess we would talk about the principle of subsidiarity, as one which may possibly bridge the gap between public and private. Is this feasible, Professor Rémond? Do you think that this really makes sense? And is this the methodological tool of Catholic social doctrine which should be applied in our ongoing study of democracy, especially when we come to consider the scope for the state intervention within social structures?

RÉMOND

Le principe de subsidiarité est important, mais il s'applique à l'intérieur des collectivités diverses du secteur public. Je ne pense pas qu'il puisse transcender en quelque sorte la distinction entre le public et le privé. Il peut corriger beaucoup d'inconvénients des décisions publiques qui sont prises au sommet, loin des acteurs. D'ailleurs le double phénomène de décentralisation à l'intérieur des Etats et d'intégration des Etats dans des ensembles régionaux plus larges oblige actuellement les politiques à une redéfinition des compétences. Ainsi, dans mon pays, les lois de décentralisation transfèrent aux régions tout ce qui relève, par exemple, de la formation professionnelle. L'Etat considère qu'en définitive au niveau de la région on peut mieux connaître les problèmes et apporter des réponses plus pertinentes et plus adéquates, voilà un exemple.

Mais il restera toujours le partage des tâches entre le public et le privé: ce partage, à mon avis, d'un autre principe, qui est celui de la subsidiarité, qui concerne des relations essentiellement verticales. Mais effectivement on peut s'inspirer du principe de séparation des pouvoirs, de façon à éviter la concentration des décisions et du pouvoir en un seul point. Après tout, ce n'est que l'extension de l'idée de balance des pouvoirs, qui ne vaut pas seulement pour les politiques, mais pour toutes les activités humaines.

VYMETALIK

The problem of democracy is still being perceived differently in politics and economics. We have already accepted in politics that supremacy of one ruler, or dictatorship of one group, is not the best solution. The opinion that democracy, in spite of all its faults, is so far the best form of government, is rather wide spread as well. But the same authors, defending democracy in politics, do not often consider it possible in economics. They consider it impossible to have inter-personal democratic relations inside the company, or to have the employees' participation in administration and management.

The development in the world shows that it is possible, and that it even can be in the interest of businessmen. Examples of democratic, humanistic enterprises show that such companies can be successful and that they can stand, sometimes be all the more successful, even in sharp capitalistic competition.

I think that a really efficient economic democracy is neither against the interest of capital, nor against the interest of labour; and it helps for a suitable association of capital with labour. It also corresponds with the ideas of Catholic social teaching. It can be an important device in the so-called post-modern society.

RÉMOND

On ne peut pas transposer purement et simplement les principes du fonctionnement politique de la démocratie à d'autres domaines; le principe selon lequel une voix en vote une autre, l'élection, ne peut pas s'appliquer dans des domaines où il faut une compétence. Il peut alors y avoir analogie, mais pas identité. En particulier, dans une entreprise la décision doit être prise par le responsable qui a la compétence. C'est vrai dans toute organisation où les légitimités s'acquièrent en partie par la compétence, par exemple dans le système éducatif.

Mais la démocratie comporte en elle une exigence d'égalité et de solidarité. Elle ne peut donc pas se désintéresser d'une situation où la population présumée active est partagée entre ceux qui ont un emploi et ceux qui n'en ont pas, ce qui devient aujourd'hui le facteur principal d'inégalité.

Cependant, ce n'est pas le politique qui crée les emplois. On bute donc sur une difficulté. Le politique peut tout au plus créer des conditions qui ne soient pas défavorables à l'emploi. Mais il y a irréductibilité, en quelque sorte, entre le domaine où la décision politique peut s'appliquer normalement et légitimement et celui où elle rencontre des résistances qui tiennent à la nature des choses.

TIETMEYER

I would like to raise two issues concerning two related subjects. One is that we will be confronted in the future, more than in the past, with the need for more training, more education, more information and more highly skilled people. But we will also be faced with a growing number of individuals who are not able to meet those demands, even if we provide them with all the facilities, because they cannot cope with these challenges mentally or intellectually. The question is how this group of individuals can be employed in the future. This is, in my view, a crucial question. The answer to it is, of course, not simple. But one can at least, and I think one must, discuss the possibility of whether it may be feasible in the future to have a more differentiated wage system, that means lower wages for these individuals in relation to the average. That raises the question as to whether this will be acceptable to societies, especially those of European countries, where a mentality of equality in income terms prevails. Are we in Europe really prepared to accept lower wages? Even if we are, ultimately we will reach a point where we can go no further. Will it then be possible to construct a social system, a welfare system, which addresses these problems without recreating disincentives to work? There is no simple answer to that. But I think that is the question which we have to address.

The second point in this context is whether we need, as part of a new culture of work, further development in areas which hitherto have not been integrated into the market. Here I would mention the raising of children, household work or the personal nursing of elderly people and so on. This question has two facets. Firstly, whether our society is willing to accept that this type of work has a positive value. To some extent such work is regarded as being inferior to working in the market. In this respect, it is a question of values in our society. Secondly, how can such work be organised in an economical and appropriate way? One possibility would be to enlarge the public sector or to finance such work with public money. But we know that the public sector is already overburdened in a lot of societies today, thereby creating disincentives to working in the private sector. In my view the challenge facing us is how we can change the values, on the one hand, how we can find an appropriate organisational scheme for this type of work, on the other. It is more a question than a statement, and I myself have no easy answers to offer. But I think we have to address these problems, and probably we should deal with them at length and in greater detail.

RÉMOND

Ce sont deux questions dont je suis convaincu que l'importance ne cessera de grandir dans les années à venir. Je suis heureux que, avec votre

expérience, vous veniez me confirmer dans l'intuition qu'on a là des questions qui vont peser de plus en plus sur le destin de notre société.

La première, c'est l'impossibilité pour certains d'acquérir une formation qui est de plus en plus exigée, car il faut bien voir que la qualification croissante exige un minimum d'aptitude que certains n'ont pas. Toute une partie de la population va ainsi se trouver durablement sans emploi. Alors, comment faire? On ne va pas recréer les emplois devenus anachroniques. Il y a certainement un effort de formation à développer; il existe des expériences relativement réussies de réinsertion pour des cas que l'on pouvait considérer comme désespérés; mais elles ont exigé que la collectivité fasse pour former les gens en cause un effort particulier qui a demandé des moyens supplémentaires. La Commission de Bruxelles est au courant des expériences de ce genre. Edith Cresson vient de financer, sur les quartiers nord de l'agglomération marseillaise, une entreprise, à charge pour celle-ci de récupérer des adolescents sans formation et dont on pouvait désespérer. Vous avez parlé d'une politique salariale différentielle; — oui, peut-être. Il y a là un champ ouvert à l'imagination et à l'expérimentation.

Seconde question, que peut-on concevoir pour les types d'emplois qui, en-dehors des emplois ordinaires régis par la rentabilité, ont une utilité sociale? Il y a déjà de très nombreux besoins de ce type. Par exemple, comme un grand nombre d'enfants sont laissés à eux-mêmes en-dehors des heures de classe, il serait souhaitable d'organiser pour eux des activités d'accueil et de veille. Rien que là, il y a en France un gisement de plus de cent milles emplois; mais comment les financer? L'argent public? Le mécénat? Là, je me retourne vers les économistes: comment assurer le financement dans des sociétés dont certaines ne sont pas assez riches et dont d'autres s'appauvrissent ou sont en crise et en pénurie?

MINNERATH

Une question très brève: peut-on attendre, dans tous les cas, de plus de démocratie la création de plus d'emplois, comme nous le souhaiterions tous? Les exemples du XXème siècle ne vont-ils pas plutôt dans le sens inverse? Ce sont les régimes autoritaires qui ont résorbé le sous-emploi dans les années Trente par le lancement de grands travaux et l'économie de guerre ... Ce sont encore les régimes communistes, où le politique dominait l'économique, qui ont assuré des emplois à la plus grande partie de la population, contre toute rationalité du marché, et avec l'échec final que l'on sait. N'y a-t-il pas là des exemples où la création d'emplois se conjugue avec l'absence de démocratie?

RÉMOND

Oui, mais la création d'emplois intervient dans une situation hors norme, affranchies des exigences du marché. La démocratie quant à elle impose une préoccupation; elle reconnaît une exigence; mais elle n'apporte pas la réponse, car elle n'est au fond qu'une solution politique et une inspiration. Elle se trouve au fond être dans la même situation que la pensée sociale de l'Eglise par rapport aux réalités économiques. Elle tient un langage, elle définit une éthique, elle fixe un objectif. C'est ensuite à l'ingéniosité, à l'imagination et à la compétence des hommes de trouver les solutions concrètes.

ZAMPETTI

Il prof. Rémond ha sollevato un problema di grande rilevanza. I disoccupati non sono rappresentati: c'è pertanto un contrasto tra la rappresentanza e la disoccupazione. Io sono d'accordo con lui. Da qui allora la mia domanda: il contrasto non nasce forse perché la democrazia è intesa in un modo insufficiente, incompleto? Si parla oggi, infatti, di incompletezza e di insufficienza della democrazia. Io vorrei soffermarmi su questa affermazione. Dire insufficienza della democrazia non significa affatto dire crisi o, più ancora, superamento della democrazia. Dobbiamo rilevare che non esiste soltanto la democrazia rappresentativa. Quest'ultima considera unicamente i rapporti tra individuo e Stato. La democrazia partecipativa riguarda direttamente lo sviluppo della società in tutti i suoi aspetti, in tutti i suoi settori. L'ha confermato stamane il dott. Tietmeyer. È il momento di iniziare il nuovo processo di sviluppo imperniato sulla organizzazione della società in luogo della organizzazione dello Stato.

Ed entriamo così nel vivo del problema. Come organizzare la società per risolvere il problema della disoccupazione? Questo è il vero nodo da sciogliere. Oggi i disoccupati sono in larga misura disoccupati frizionali. La mobilità del lavoro implica un continuo spostamento di parte dei lavoratori da un tipo di lavoro a un altro quanto meno affine.

È necessario procedere in questa prospettiva ad una radicale riforma della scuola e dell'istruzione. Scuola e istruzione devono fornire ai lavoratori una adeguata preparazione per inserirsi dinamicamente nel mercato del lavoro. Tra scuola e lavoro esiste un legame sempre più stretto a misura che con la nuova tecnologia venga eliminato il lavoro manuale.

Dobbiamo organizzare la società proprio per stabilire questa interdipendenza. Il processo di aggiornamento avviene anche dopo il termine degli studi scolastici. Come costruire allora la nuova società per inserirvi quelli che oggi sono fuori del sistema come i disoccupati in un periodo possibil-

mente breve? Come cambiare la concezione del lavoro in questo periodo storico non solo sul piano economico, ma altresì sociale e politico?

Queste sono le domande che imperiosamente emergono e a cui dobbiamo rispondere dedicando ad esse tutti i nostri sforzi di studiosi, attenti alla interdisciplinarietà delle varie materie che compongono l'universo delle scienze.

RÉMOND

Vous avez tout à fait raison de souligner la différence de nature entre la représentation politique et la représentation sociale. Il est clair que la démocratie comme système politique ne peut connaître que les citoyens, indépendamment de leurs appartenances socio-professionnelles. Cela dit, à côté de la société politique il y a une société civile; il y a un dialogue social entre les politiques et la société, grâce à des relations organiques et juridiques avec les représentants des différentes catégories sociales.

Les exclus, parce qu'ils sont exclus, sont les seuls avec lesquels on ne dialogue pas: ils n'ont pas de représentation. Leur point de vue est finalement absent. C'est une lacune grave, car au fond chacun ne pense guère qu'à soi et à défendre ses intérêts particuliers. Les exclus, ce sont maintenant dans nos sociétés des millions qui sont silencieux.

SCHOOYANS

J'ai participé récemment à une réunion fort intéressante au Conseil Pontifical pour la Famille. Cette réunion était consacrée à la dimension économique de la famille et à l'apport de celle-ci à la vie économique. Je suggère à la Présidence de mettre à notre disposition la déclaration finale de cette réunion. Cette déclaration pourrait être très utile pour nos débats et elle conforterait aussi les propos de plusieurs collègues.

BONY

Je voudrais intervenir sur deux points. Premièrement, mon collègue Rémond a cité une différence de 10 à 15% entre salaires féminins et masculins. Cette différence paraît énorme et inadaptée à notre époque, alors que de nombreuses femmes, par exemple à Abidjan, exercent avec compétence leur métier sans abandonner la charge d'élever leurs enfants à la maison. Comment peut-on remédier à une telle situation?

Deuxièmement, M. Rémond a parlé d'entreprises citoyennes. J'ai l'expérience de l'association du personnel à la gestion de certaines entreprises. Il me semble que c'est plutôt un facteur de succès pour ces entreprises.

RÉMOND

Le décalage de 10-15% que j'ai évoqué pour les salaires féminins ne s'explique pas par une non-application du principe d'égalité, mais par ce qui perturbe le déroulement des carrières féminines, les interruptions de grossesse ou autres. C'est à quoi il faut trouver des correctifs et des compensations, probablement en multipliant les possibilités de travail choisi, partagé, alterné. Quant à l'entreprise citoyenne, ce que j'envisageais n'était pas tellement à l'intérieur par l'association des acteurs, mais plutôt l'acceptation par l'entreprise de responsabilités vis-à-vis de la collectivité générale. Pourquoi l'entreprise ne consacrerait-elle pas par exemple une partie de ses ressources précisément à contribuer à la formation, ce qu'on évoquait avec M. Tietmeyer il y a un instant?

III.

THE REGULATION OF UNEMPLOYMENT

WELFARE STATE OR WORK? THE INTERACTION OF WAGES, SOCIAL PROTECTION AND FAMILY CHANGE

GOSTA ESPING-ANDERSEN

1. THE PROBLEM

It has become part of received wisdom that the postwar harmony of welfare state growth, equality and full employment has turned negative-sum. The erstwhile capacity of OECD countries to sustain full employment was based on a combination of circumstances that no longer obtain — and are certain not to return. For one, it was anchored to an economy driven by industrial mass production and consumption. Secondly, income redistribution, high wages and a high social wage helped consolidate and smoothe demand. Thirdly, the full employment commitment was basically limited to the male breadwinner.

Expanding world trade, it is said, causes a loss of competitiveness among domestic OECD mass-production industries. Hence, de-industrialization since the 1970s has created mass unemployment and has severely eroded the position of less-skilled workers. The emerging service society is, of course, an alternative source of worker demand. Yet, reliance on services faces two constraints. One, a large share of services — in particular business and health services — tend to be high-skilled. Labor intensive demand will mainly come from personal or social services (say, restaurants, laundries; day care or home helpers), but these often require social and cultural skills. Two, following Baumol (1967), the gap in productivity growth between services and manufacturing implies that service jobs will grow only if labor costs are lower or, alternatively, if subsidized (i.e. government employment). The “welfare state” solution, as we have seen in Scandinavia since the late 1960s, can compensate for stagnant market services and can also boost aggregate participation levels via its promotion

of women's employment. But in an egalitarian wage regime, as in the Nordic countries, the long run effect is mounting fiscal crisis or a drain on the tradables sector.

Prevailing theory therefore posits that a return to full employment will require more unequal wages, enhanced labor market flexibility, and a relaxation of social entitlements. The alternative is high and chronic unemployment that will adversely affect youth and the less skilled.¹ In the postwar "golden age", the mass of unqualified workers migrating from agriculture could easily find well-paid and stable factory jobs. In "post-industrial" society, the excess of less-skilled workers can count on neither.

The great contrast is usually drawn between Europe and North America. European labor markets are characteristic for their high wage costs, earnings compression, and strong job protection. In the EC countries, average *legislated* labor costs are three times higher than in the United States, and the ratio of unskilled to skilled worker earnings hover around 80 percent, compared to 50-60 percent in the United States (OECD, 1994).² Also, the guaranteed social minimum — whether measured in terms of minimum wages or in terms of social welfare benefits — is substantially higher in Europe (excluding the U.K.). In the United States, the minimum declined in real terms over the 1980s; this did not happen in Europe (Blank, 1994; McFate, 1995; OECD, 1994). And job protection (worker dismissal rules, for example) is clearly much stronger and more rigidly enforced in Europe. Thus, on the OECD index of labor market rigidity, the Anglosaxon nations score an average of 1.6 compared to 8.0 in Scandinavia, and 10.8 in the European continent (OECD, 1994).

The European response to the unemployment challenge has, in other words, prioritized worker protection and social welfare. The standard view among economists is that this is self-defeating.³ The strategy, if we may call it so, has however been motivated by two key considerations. The first is to safeguard *family* welfare. Where the male breadwinner model remains dominant, not only individual workers but their entire family would be severely threatened by wage erosion and job insecurity — both statically

¹ Too much equality, it is said, may also adversely affect human capital development if there are no adequate returns to more education (Lindbeck, 1993).

² The difference is much smaller (and disappears almost entirely) within the American "primary" economy where employer occupational benefits run up to 25 percent of wages. However, not only less-skilled jobs, but generally a large share of all job growth in the United States occurs in firms and sectors not covered by occupational benefit plans (Burtless, 1990; Mishel and Bernstein, 1993).

³ There are notable exceptions such as Soskice (1994), Freeman (1994) and Blank (1994).

and dynamically. In a static sense because day-to-day living standards rely on the "family wage" principle; in a dynamic sense because a stable (and well paid) life-long career is necessary for pensions and other social entitlements.⁴ Clearly, trade unions and the median voter will, in this context, safeguard existing rights. The second has to do with "competition strategies". Contrary to the de-regulation approach, EC nations have in great part chosen a high-wage based quality production strategy. And it was assumed that the productivity dividend of slimming the workforce would pay for early retirement.

Nevertheless, the European choice in favor of "equality" has been pursued in two distinct, even opposite, ways. The Nordic group avoided (until recently) mass unemployment with a mix of government service growth and active labor market policies. The consequence is a massive rise in womens' employment (now at 80 percent in Denmark and Sweden) and a comparatively much smaller decline in (older) male participation. Hence, aggregate employment/population ratios are 15-20 percentage points higher than in the EC. An integral element is the consolidation of the two-earner, dual career family model. Social policy has sought to harmonize women's family and work responsibilities, thereby securing stable and even rising fertility.⁵

The Continental European group, in contrast, has favored a labor reduction approach, largely premised on early retirement. The concomitant discouragement of female labor supply in many countries, both via tax treatment and via "familialistic" social policy (e.g. reluctance to provide public care services), means that activity rates remain low and even decline.⁶ With rising educational attainment women regardless decide to pursue careers. But since this occurs in a hostile environment from the point of view of harmonizing careers and family responsibilities, the result is delayed family formation and *declining and even record-low fertility*. Paradoxically,

⁴ The urgency of job protection is obviously enhanced where, as in most of Europe, delayed job entry and early retirement reduce possible active years. The number of active years for males has, on average, declined by 8-10 years in the past decades.

⁵ Generous paid leave provisions combined with extensive day care services allow (indeed, encourage) women to combine family and work. Thus, in Denmark and Sweden the participation rate of mothers with small children (less than 6 years of age) exceeds 80 percent. And Sweden today has Europe's highest fertility rate.

⁶ Public or semi-public child care for small children covers 30-50 percent of children in Scandinavia but less than 5 percent in EC countries, except France and Belgium where coverage is 15-20 percent (Esping-Andersen, 1996). The share of elderly living with their children is less than 10 and even 5 percent in Northern Europe, but around 40 percent in Italy and Spain and 65 percent in Japan.

in postindustrial society, a pro-family policy may reproduce family dependencies but may actively discourage family formation.

The lack of dynamism in either public or private services in most EC countries means a stronger tendency towards "insider-outsider" labor markets, in which the high wages and job security enjoyed by male breadwinner "insiders" in essence causes unemployment and exclusion for their sons, daughters, and wife. This, in turn, promotes additional family dependency. In Southern Europe today, more than 50 percent of adult youth continue to live with their parents. Among unemployed youth, the figure rises to 90 percent (Esping-Andersen, 1996).

Considering the different employment performance of Europe and the Anglosaxon countries, the argument that "equality" and "jobs" are at loggerheads seems compelling. North America and the Antipodes, with rising inequalities, enjoy much stronger job growth, relatively lower unemployment and, perhaps most importantly, less entrapment in long-term unemployment. Scandinavia has managed to secure employment growth and modest exclusion until the mid-1980s, after which however there is a convergence with EC at least in terms of unemployment; and the EC countries score extremely high on any indicator of exclusion.

2. THE BASIC ARGUMENT

Is there, then, no positive-sum or Pareto optimal solution to the trade-off? In this paper I argue, firstly, that the trade-off is less evident than often claimed. More importantly, the trade-off appears very differently if we, so to speak, endogenize the family in our analysis. The core of the argument is the following. The growth of service employment is not solely a matter of wage costs but also of household decisions. Inherently, services compete with household "self-servicing": we can cook, launder, or amuse ourselves at home or, alternatively, consume restaurants, laundries, or theaters.⁷ In the postwar golden age, families created domestic jobs by consuming cars and TVs. Today, they create jobs by externalizing their servicing needs.

The question, then, is how to nurture out-servicing? A first condition is adequate family income. Widespread poverty or low incomes are prohibitive from this point of view. A second has to do with relative costs, that is if wages are too high, many services will price themselves out of the market.

⁷ See Gershuny (1978) for a developed analysis of "self-servicing". My argument deviates considerably from that of Gershuny which stresses the displacement effect of household capital goods (washing machines, video equipment, etc.).

A third condition has to do with need and capacity. The traditional family, with a full-time housewife is, as we know, a good hedge against poverty and an effective institution for social integration. But it is suboptimal for the service economy. In contrast, "a-typical" households, especially single person and dual-earner families, are much more prone to externalize services. The dual-earner family, moreover, is an even better hedge against poverty.⁸ It follows that women's economic integration may hold the key to a Pareto optimal resolution to the equality-jobs trade-off. For this to happen, however, an active welfare state is necessary.

The analyses to follow are hampered by lack of data. This constrains me to a set of simple cross-sectional correlational analyses that permit little more than suggestive conclusions. I proceed in a series of steps: first, I examine the correlations between unemployment, focusing especially on the unskilled, and standard indicators of inequality and job protection. The second step is to examine family expenditure patterns. The final step is an attempt to connect household consumption to job growth.

3. UNEMPLOYMENT AND EQUALITY

It is widely recognized that the equality-jobs dilemma is especially severe as regards the employment prospects of youth and less skilled workers (Blank, 1994; Drèze and Snessens, 1994; Bjorklund and Freeman, 1994; OECD, 1994; Wood, 1994). Indeed, the unemployment rate among the unskilled is almost everywhere higher than the average, and in many countries (especially in the EC), youth unemployment is exceptionally high. It is also the case that unemployment among young unskilled is higher than among unskilled generally. The following cross-sectional analyses, admittedly inconclusive, do not lend much support for the trade-off theory.

Dependent variables.

I divide this part of the analyses into three distinct problems: firstly, explaining variations in overall unemployment rates; secondly, explaining

⁸ The incidence of poverty is everywhere substantially lower among dual-earner families. In Italy, the poverty rate among one-earner units is 18.3 percent, compared to 9.6 for double-earner units; in Germany, 7.8 and 1 percent, respectively; in the U.K., 10.1 and 2.5 percent, respectively; and in the U.S., 9.5 and 2.1 percent, respectively (own calculations from LIS data using the OECD equivalence scale and the 50 percent of median income poverty line). Non-aged single person households tend to have higher poverty rates, but single-parent families are everywhere *except in Scandinavia* most at risk.

adult unskilled unemployment; thirdly, *youth* unskilled unemployment. Adults and youth are treated separately because, one, adult unskilled unemployment is affected by early retirement; and, two, job protection means that unemployment among the adults might be less severe than for youth.

Independent variables.

I include most standard variables that are said to influence unemployment variation: wage differentials (ratio of low-skilled to persons with tertiary level education); the OECD synthetic rigidity index; and unemployment benefit replacement levels (all derived from OECD, 1994 and 1995). I also include a number of relevant "policy" variables that should influence unemployment (growth and level of private and public services; active labor market policy expenditures as a percent of GDP; aggregate employment growth; overall level of employment as a percent of the working age population; and early retirement, measured as participation rates of males aged 55-64). The following estimations are generally based on simple bivariate regressions, although in a few cases multi-variate estimates are included. The cross-section of 17 OECD countries does not permit more complex tests.⁹

National variation in overall unemployment, as is clear from Table 1, is unrelated to wage inequalities and job protection, as well as also active labor market policies or early retirement. While the sign is, as expected, negative for active policies, it is indeed positive for early retirement. From Table 1 it is evident that the unemployment problem among the unskilled accounts for a large share of the total variance in unemployment. Moreover, unemployment seems mainly to be a function of overall employment growth.

Clearly, a test of the "theory" should focus on the unskilled. Analyses for adult (ages 25-64) unskilled unemployment are presented in Table 2. Surprisingly, there is once again no support for the common view. Neither wage differentials, nor unemployment benefits (the reservation wage) have any influence on the unemployment of unskilled adults. On the "policy" side, the same goes for early retirement and active programs. The only variable of some influence is "rigidity", i.e. job protection but, oddly enough, the sign is *negative* meaning that the (relative) probability of unemployment for adult unskilled workers is much greater in the de-regulated labor markets than in rigid "European-type" labor markets! One

⁹ For different reasons, Japan and Ireland have been excluded from the sample. For key variables, simple tests of robustness were performed (not shown in the tables).

Table 1. *Total Unemployment, 1984-92.*

Independent variables:	Coeff.	t-stat.	R-squared
wage differentials	10.860	.90	.051
reservation wage	-.010	-.14	.001
employment rigidity	.160	1.12	.077
early retirement	.110	1.37	.111
Active policies (AMPE)	-.209	-1.51	.132
Unskilled unemployment	.604*	2.97	.370
Employment growth	-.311*	-3.98	.513
Employment ratio	-.424*	-5.38	.659

Note: analyses exclude Ireland and Japan. A (*) indicates significant.

Table 2. *Unskilled Adult Unemployment.*

Independent variables:	coeff.	t	R-squared
wage differential	-.655	-.82	.040
reservation wage	.001	.18	.002
Employment rigidity	-.022*	-2.69	.326
Early retirement	-.004	-.71	.033
AMPE	-.098	-1.04	.067
Employment growth	.006	.77	.038
Employment ratio	.016	1.97	.205
Public service growth	-.054	-1.11	.076
Public service share	.003	.26	.005
Private service growth	-.038	-.68	.030
Private service share	.017	1.94	.201

Note: Dependent variable is the ratio of unskilled unemployment over all unemployment. AMPE is active labor market program expenditure as a percent of GDP.

possible explanation is that de-regulated economies suffer from a much larger stock of unskilled.

In this case, overall employment levels or growth do not have any influence, nor disaggregated service employment variables. Indeed, the only variable that approximates significance (private services as a share of total employment) has a *positive* sign, indicating that an expansion of market services as such is not a cure for (adult) unskilled unemployment. In fact, this is to be expected since unskilled adult males are most likely to be industrial workers (and thus unlikely to possess the social skills demanded in services). Government services show a (insignificant) negative sign, which suggests that welfare state job creation is not a very effective antidote to unskilled male unemployment.

Turning to the unskilled youth (in Table 3), the results are almost identical to those for adults: their unemployment is unrelated to wages, unemployment benefits, and active policies. Again, we arrive at the paradox that de-regulated labor markets tend to produce a comparatively higher risk of youth unskilled unemployment. And, again, the most likely explanation is that these nations are burdened with an extraordinarily large stock of unskilled.¹⁰

4. THE TRADE-OFF REVISITED: FAMILIES AND THE WELFARE STATE

Employment growth today depends mainly on services. These fall into three distinct groups:

1. *Business services*, including finance, insurance, real estate, and professional services. Their growth, mainly a function of corporate out-servicing, has been substantial in all countries and account in large measure for the rising professional and technical occupations.

2. *Social services*, including health, education, and welfare services. Their growth is in large part, but not exclusively, driven by the welfare state. Health and education has expanded everywhere. Welfare services (such as care) have expanded very powerfully in Scandinavia, but have enjoyed some growth also in North America within the private market.

¹⁰ If this hypothesis is true, the causal relations may require a complete rethinking. It is, for example, possible that de-regulation strategies (as pursued in Britain, Australia and New Zealand) are a means to clear the market of huge masses of low-skilled workers. The result, however, is a "low-skilled equilibrium". In contrast, where (as in Germany) the stock of unskilled is small, competition policies are more likely to favor a high-quality production strategy. The result here is a "high skilled equilibrium" (see especially Soskice, 1994).

Table 3. *Unskilled Unemployment, Young (25-34) Workers.*

Independent variables:	coeff.	t	R-squared
Wage differentials	-1.137	-1.05	.069
Unemployment benefits	.000	.06	.000
Employment rigidity	-.032*	-2.95	.368
Early retirement	-.009	-1.30	.102
AMPE	-.056	-.43	.011
Employment growth	.009	.90	.051
Employment ratio	.029*	2.95	.368
Public service growth	-.085	-1.30	.100
Private service growth	-.068	-.90	.051

Dependent variable is ratio of unskilled unemployment over all unemployed in age group.

They have been stagnant in EC Europe. They combine professional and also a large pool of lower skilled workers (hospital cleaners, home helpers, etc.). Welfare service growth is related to family externalization and women's entry into paid employment.

3. *Personal services*, including leisure, restaurants, and consumer services. Their growth is almost exclusively in the market and are characteristic for their labor intensiveness and low skill profile. They have been stagnant and even declining in both Scandinavia and most EC Europe, but are quite dynamic in North America. Their dynamism is a function of household servicing choices. Where wage costs are high, this sector may survive and even grow on the basis of self employment or irregular employment, as is the case in Southern Europe.

The growth of personal and social services depends on the micro-choices of households. In turn, as is well known, families' decision whether to externalize or internalize service consumption is a function of three variables: income (Engel's law); relative costs (the Baumol "cost-disease" problem); and needs.

Examining this micro-link, I will limit analysis to market services with unusually labor intensive employment: personal services in general, and

restaurants, cafes, and hotels in particular. Let us begin with the well-known income effect. Table 4 shows income-consumption elasticities for major items of family consumption. What is clear, at least in the case of Italy, is that elasticities are steeper (and "entry-level" income requirements, higher) for services than for material goods. Health and education is, in Italy and elsewhere in Europe, mainly provided by the welfare state and private consumption is logically modest. From a comparative point of view, Italians spend a large amount on eating out and rather little on other personal services. These cultural traits are evident in Table 4.

A confrontation with the United States is here informative.¹¹ As we move from the lowest to the highest income quintiles, the American "elasticities" are much flatter than the Italian. Lacking a national health service, American families are constrained to spend a good deal on private health care (about twice as much as Italians, and 4 times as much as Swedes).¹² In Italy, private health consumption is more of a luxury for the rich. This holds to a lesser extent for restaurants where, in Italy, massive spending first begins around median income. The income-effect on eating out in America is, in contrast, less drastic — presumably because eating out is much cheaper.

Families' propensity to consume rather than self-service is related to income, but also to family structure. Singles and two-earner couples are, for a host of reasons, more prone to out-service — regardless of social class position. This is clear from Table 5. Within each socio-economic group, the two-earner unit consumes about 25-50 percent as much services as the traditional "male breadwinner, female housewife" family. We can thereby rule out class-effects in terms of consumption style. Here, then, we have identified a possible positive-sum solution to the equality-jobs trade off: on one hand, two earner families are optimal from the point of view of poverty; on the other hand, they generate jobs.

Still, as we have noted, families' decision to consume personal services and restaurants is constrained by relative costs. It is also possible that private service spending will be "crowded-out" because of high taxes (the welfare state effect) or, if not, because of the need to finance private welfare (as is the case in the U.S.). We examine in Table 6 the relative impact of these factors on household, personal and restaurant consumption. Wage

¹¹ Detailed tables not included here.

¹² In fact, the lowest quintile in America spends 18 percent of income on health; the second lowest, 10 percent. The average American family spends almost 14 percent of total consumption on private health and other social welfare needs (calculated from Bureau of Labor Statistics, *Consumer Expenditure Survey*). It is important to note that the data in Table 6 are not adjusted for household size. They can therefore not be compared directly with the results of Table 5.

Table 4. *Household Consumption Elasticities by Adjusted Income Levels in Italy, 1994 1).*

	constant 2)	B	Mean percent of total consumption
Basics	1.040	1.03	54.7
Non-essential goods	1.705	.66	23.8
Education	1.942	2.56	0.5
Health	1.882	1.63	3.0
Personal services	1.735	5.04	2.8
Leisure services	1.873	4.34	1.3
Restaurants etc.	1.750	1.19	11.0
<i>Median adjusted income</i>	1.761		

Source: Analyses on 1994 Italian Household Consumer Expenditure Survey. 1) Household incomes are adjusted for size using the square-root of number persons. 2) The constant is in '000 Lire.

Table 5. *Italy: Household Types and Expenditures on Personal and Restaurant Services by Social Class. Spending as a Multiplier of Mean.*

	Bourgeoisie	Middle Class	Working Class
Single person	1.9	1.3	1.1
One-earner couple	1.7	1.0	.7
Two earner couple	2.1	1.5	1.3
One earner child family	1.5	.9	.7
Two-earner child family	1.9	1.3	1.1

Source: Analyses of 1994 Italian Household Consumer Expenditure survey.

Table 6. *Expenditures on Personal and Restaurant Service: the Impact of relative Costs and Welfare "Crowding-Out" Effects. Cross-Section Analyses.*

Equation 1:	a	wage differentials	R-squared
	9.34	-.80	.01
	(1.75)	(-.25)	
Equation 2:	a	welfare state	R-squared
	16.40	-.340	.16
	(2.68)	(-1.40)	
Equation 3:	a	welfare state	private welfare
	24.70	-.540	-.400.17
	(3.00)	(-2.0)	(-1.50)

Wage differentials are measured as ratio of lowest quintile earners to mean. Welfare state is measured as expenditures as a percent of GDP, and private welfare in terms of percentage average household expenditures on health and education.

differentials, as a measure of relative costs, clearly do not affect household expenditure levels (although they might influence spending elasticities). Also, the crowding-out effect of welfare states or private welfare is not particularly strong. In other words, despite the very tentative nature of these analyses, it does not appear that our earlier conclusion is much affected by cost or welfare state crowding-out effects, at least as far as family *expenditure* is concerned. Put differently, if the cost of eating out is high, families will do so less frequently. But they will nonetheless do so.

5. FAMILY CONSUMPTION AND THE SERVICE EMPLOYMENT DIVIDEND

The final link in our argumentation concerns the employment dividend of family spending. A simple OLS cross sectional estimate of the impact of household expenditures and wage inequality is shown below (t-statistics in parenthesis). The dependent variable is employment in eating, drinking and lodging establishments.

$$\text{employment} = -2.86a + .25 (\text{Spending}) + 2.98 (\text{wage diff.})$$

$$(-3.41) \quad (5.64) \quad (6.80)$$

(adjusted R-squared = .865)

The household spending effect is significant and positive, also when controlling for relative costs (wage differentials). Notice, however, that wage inequality does promote employment. Family spending accounts for 24 percent of the explained variance; wage differentials, 76 percent. In other words, low costs are comparatively more important than household spending, but both are significant sources of job growth: one is tendentially capable of offsetting the other. If this is the case, a "Pareto-optimal" solution would have to be found by striking a balance between wage inequality and maximizing family out-servicing.

Large welfare states do have a dampening effect on *market* service employment (although not particularly on spending). In fact, when controlling for the welfare state, the household expenditure variable becomes less important.¹³

This is less the case for private welfare.

6. THE WELFARE STATE CHALLENGE

It is probable that de-regulation and more wage inequality are conducive to service employment growth. Yet, if the direct policy objective is to resolve the unemployment problem among the less skilled, the evidence is less compelling. De-regulating labor markets, we know, has positive effects in terms of creating more flexibility and limiting the duration of unemployment or exclusion. We also know that existing rigidities can be — and are — dodged by informalization, such as self-employment or undeclared employment. Hence, the extremely high unemployment rates in Southern Europe should not be taken at face value.

A "low wage-deregulation" strategy, as pursued in North America and the U.K., risks producing a low-skill equilibrium in which declining earnings are matched with declining social protection. The result, as witnessed in the United States, is a large mass of below-poverty level earners (estimated at around 15 percent of the workforce). Of course, spouses can compensate with extra labor supply (as they have done) to maintain family living standards. Still, a large and growing mass of American households are in poverty (about 18 percent) or at very low incomes, thus precluding them from consuming those very services that

¹³ The analyses are not shown. There is no problem here of multicollinearity. However, a very high correlation between welfare state and wage differentials (.77) suggests that the welfare state variable may "pick up" wage equality. The correlation between private welfare and welfare state is -.50.

they, themselves, are likely to produce. The low-skill equilibrium leads easily to a Disraelian two-nation society in which masses of poor service the rich.

In contrast, the "high wage" strategy, coupled to extensive job protection for the insiders, promotes exclusion. Where, as in Continental Europe, families depend on the high earnings (family wage), job security, and pension rights of the male breadwinner, any major moves towards de-regulation and wage inequality will clearly impose a major threat across the population. If, on the other hand, this very scenario causes exclusion and massive, long term unemployment among youth and women, the consequences are easily perverse: familialistic social policy, meant to encourage family formation and fertility, is now actively jeopardizing both. It is not accidental that Spain and Italy today suffer from the world's lowest fertility rates. Youth in general, and unemployed youth in particular, remain dependent on their parents and are thus forced to delay marriage and fertility. The "reservation wage" of unemployed youth becomes, so to speak, the living standard provided by the father-breadwinner.

The principal cause of youth unemployment is lack of job growth. This can be secured through a "low wage" approach, but at the cost of inequalities, poverty and, possibly, crime. It can also be nurtured by high incomes and a reorientation of family policy in favor of the two-earner, double-career household.

Rather than blindly de-regulate wages and labor markets, a "Pareto optimal" policy should therefore promote a balance between wage inequalities and family service consumption. The findings suggest that the need for wage inequalities (and thus also welfare state roll-backs) diminishes the more "a-typical" families become dominant. Since female employment is a key defining characteristic of our postindustrial society, some degree of optimism is called for.

The suggested "Pareto optimum" poses, however, two problems. Firstly, since the long-term future of the welfare state hinges on fertility, it is clearly necessary that women's integration in the economy be coupled to affordable care services. In a low-wage economy this is possible within the market — except for low income households.¹⁴ In a high wage economy, the restoration of fertility levels will require an adequate welfare state provision of social care.

Secondly, if low pay and generally unattractive service jobs *are* needed and *will* grow, peoples' life chances are affected. The basic issue is how to

¹⁴ Hence, in the U.K. and in the U.S. the employment rate of single mothers is very low compared to Scandinavia. This is a major reason for their much higher poverty rates.

prevent that workers become trapped in "lousy" jobs; that career mobility is assured. Indeed, from a life course perspective, there are no welfare negatives as such associated with a spell in poorly paid employment. What we do know is that, for most, chances for upward mobility are closely related to education. For particularly disadvantaged groups, such as single parents, escape from entrapment requires also active income maintenance.

It is, then, obvious that contemporary welfare states will need to reorient their policies in favor of youth and working age adults. Yet, in many countries — Southern Europe, Japan, and the United States in particular — the welfare state bias in favor of the aged is not only extreme but also growing. On average, the Continental European welfare states spend 2.3 times as much on the aged as on the young; the Anglo-Saxon nations, 1.1 times as much; and the Nordic welfare states only .6 times as much. Not only does aged-spending crowd out programs for the young, but it also mis-allocates purchasing power from a job-creation point of view. The aged are intensive consumers of welfare state services, but the *least* prone to consume personal market services.

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Discussion of Prof. G. Esping-Andersen's paper

ZACHER

First of all, I would like to thank you very much for your paper and your lecture. I think they both provide us with an entirely new insight into the issues under discussion here. You have led us to the problems from the angle of empirical experience. However, this, of course, entails the provoking question: to what extent can empiricism help us? Moreover, granted that we as the Academy consider our work to be of service to the social teaching of the Church, how much can the teaching of the Church learn from empirical experience? Naturally, it, too, should not do anything that is "against the fact". We cannot advise Church teachers to apply Hegel's old theorem, which states that if the facts do not correspond to the theory, this will only be of harm to the facts. It has been practised too often as it is. Nevertheless, facts *per se* do not already constitute the source of norms. The latter are a combination of values and facts. That is why I tried to integrate your highly stimulating information a little further into the system of the welfare State and to broach the subject of conflicts of values with which we are concerned.

All welfare States "*grosso modo*" have *three objectives*: *firstly*, to secure a *minumum standard of living* for all individuals; *secondly*, to achieve *more equality*, the goal of equality tending to be a relative one, so that one could also say *less inequality*, and above all *less dependency*; and, *thirdly*, to provide *security against the so-called vicissitudes of life*, which are generally defined as "social risks" and are checked by social security systems. These objectives are in themselves obscure and contradictory. The social security objective has always contradicted the equality objective; and that also accounts for the first potential crisis of the welfare State that we are able to register.

How are these objectives pursued? Here, the concept of the *liberal welfare State* becomes essential. Yesterday we heard a few remarks about the difference between the welfare State and the social State. In this context, I would say: let us refer to what we want as a *liberal welfare State*. It is based on *two fundamental rules*, both of which are, in substance, an expression of a certain kind of subsidiarity. The *first fundamental rule* is that it is *every individual's own responsibility* to earn an *income* through *work* and in

this way to satisfy his needs and those of his family. This first rule of subsidiarity is highly important. However, due to the fact that it includes the family, it also sows the seeds for a hopelessly wide array of potential differences, ambiguities and conflicts. Not only do a growing number of individuals live alone, without a family: even where we do find families, they bear very dissimilar features. Then again in most of the families themselves, the individual members hold differing views as to their notion of the family. But above all other people always have different opinions about how the respective *other* families should be. Society as a whole possesses highly varied ideas about the family. And if we make inquiries here, at the Academy, as to what an ideal family should look like, we will come across at least as many ideal models as there are Academy members present. It is so for this reason that we experienced another crisis of the welfare State prior to the current one. It was the crisis brought on by individualization, whereby it was generally felt that one's scope of freedom could be extended more or less as desired at the cost of the welfare State — also, or especially, in terms of marriage and the family.

The *second fundamental rule* governing the liberal welfare State is that the *objectives of the welfare State must be pursued primarily within society and through society* — that is, via market mechanisms, within the sphere of working life and so forth. We could speak of the primacy of the societal realization of the welfare State.

The tasks of the State under the liberal welfare State model are of a twofold nature: either it seeks to avoid the deficiencies resulting from the societal realization of the welfare State, for instance, with respect to providing employment protection in working life, or it compensates the deficiencies that occur in spite of these precautions, as in the case of accidents at work, for example. As a result we obtain a kind of split subsidiarity. The State is expected, on the one hand, to exercise its influence on societal conditions in a protective and balancing way in order to control potential hazards and, on the other, to remedy the losses that occur nevertheless by providing compensation. It is within this framework of subsidiarity that the social State regulates life and — I am very thankful to you, Professor Esping-Andersen, for stating it so clearly — not just working life, but also the lives of families. Moreover, it regulates the diverse areas of need satisfaction: not only the supply of commodities, but — a fact you stressed emphatically for labour market reasons — also, and especially, the supply of services.

This, however, takes us to a vital current predicament of the welfare State. The protection rendered by the welfare State concentrates on *dependent employment* as it emerged in the 19th century. And it is for this very reason that dependent employment has become so interesting that, against

all allegations to the contrary, in the typical "Western" welfare States, it constitutes a much more attractive form of work than the self-employed occupation of, say, the small employer. The risks borne by the latter are relatively large, whereas persons in dependent employment enjoy the special protection of the welfare State. Such a predominance of dependent employment is virtually non-existent in developing countries, and it is now again being called into question in post-modern society. However, in the typical "Western" welfare States, the standardization and special protection of paid work harbours a potential crisis. The typical "Western" welfare State regulates working life in its entirety and limits the flexibility of adjustments. Because the welfare State is responsible, on the one hand, for facilitating adjustments in that it "cushions" them socially, it, on the other hand, restricts the readiness to adjust and thus also limits flexibility. Our questions, must be: What should work look like in the light of the values it realizes and applies to? Do we have any alternatives to this concept of work, upon which the welfare State is founded? This has, after all, been a long story — also in the social doctrine of the Church. The Pope's statement on the primacy of work no doubt has something to do with that story.

The role played by the *family* in the welfare State is far less clear. Realities, self-evident truths and normative models are in disarray. Thus it seems reasonable to seek solutions in empiricism. But is it not exceedingly problematic simply to draw conclusions from empirical experience as to what the status of the family *should* look like? Moreover, here our thoughts must be even more value-oriented and evaluative. One cannot earnestly say a two-child family in which both parents work is the most trouble-free, as it were "streamlined" family, it being efficient and causing the welfare State the least amount of difficulty. A Catholic social doctrine must reflect on whether it desires, and may desire, such "patterns". It must do so for the sake of our children. It must above all reflect on this because every conflict concerning the notion of the family is also a conflict concerning the notion of the woman and mother. Here we encounter a great many values and, in particular, conflicts of values that need to be taken into account — not in order to challenge empirical experience, but in order to evaluate it in the light of our value concepts and also to devote honest attention to the conflicts existing with regard to these values.

The same applies again to the satisfaction of needs. Here, too, we come upon questions of value. Should needs be satisfied privately — that is, absolutely privately within the family? Should they be satisfied outside the family through the private sector of the economy? Or should they be satisfied through public services? These questions likewise go hand in hand

with both conflicts and concepts of values. Our task, as Academy, is to view the facts in their proper light, but also to confront our value concepts with these facts.

ESPING-ANDERSEN

Well, thank you, those were useful comments. I clearly cannot take up all of them. There was one issue that I think merits a little extra discussion: the role of the welfare state as a guarantor of minimal equality. I do think there has crept into most Western welfare states a perversion of the idea of equality, somewhere in the postwar era. The initial post-war idea was one of equality of opportunity. Gradually this became instead a commitment of equality to all, here and now. The new promise was that everybody should be well-off, in this instance, here and now. This has become a problem for welfare states today; they must renege on this kind of impossible equality, yet they find it very difficult to do so. Equality for all became engrained into the entitlement revolution of the past thirty years.

There is also a second hidden revolution, in the post-war welfare state evolution, that has been particularly marked in continental and Southern Europe. These have become "pensioner" states, rather than welfare states, Italy and Austria are extreme cases of a welfare state that mainly supplies transfer payments, especially pensions, but does little else. To some extent this is due to the use of early retirement as a labour market management tool. To some extent it has to do with extremely luxurious pension benefits. Oddly enough, the three most luxurious pension benefits in the world are concentrated in Greece, Spain and Italy. They have the highest replacement rates of any pension system in the advanced world.

Household budget data reveal that pensioners don't need the money they get. The savings rate among pensioners in Italy, lies around 30% of pensioner household income. They don't need money. As a result, we see an odd kind of redistribution where pensioners are major savers and, at the same time, redistribute money and resources to their children and grandchildren. This, of course, reinforces existing inequalities between family types. Rich pensioners are able to redistribute more, and thereby reproduce privilege to their children and their grandchildren, whereas those living on a modest pension have a savings capacity and redistributive ability that is marginal. Clearly, this reinforces class inequalities.

This, I think, is one part of the welfare state that has gone wrong: a mis-allocation of money that could be redirected to the part of the life course where social risks today are concentrated: young families. If you look at poverty data, this is where risks today are building up. This is also

where the welfare state tends to be very passive. It provides very little to young families in most countries. In some countries, virtually nothing, and this was my problem. I was not trying to be provocative. My aim was to put the dilemmas in sharp contrast. The problem of young child families, in countries like Italy today, is that they lack services in order to square the circle of work and family. With high risks and little support, the response is to reduce fertility, just like populations did in the 1930's.

Clearly my focus is on advanced countries. I have virtually nothing to say about the Third World countries, except that de-industrialization for us, which has triggered off the whole problem, is positive for the Third World. So, the more we buy TVs, cars and Third World textiles, the more we help Third World development, our problem is that we cannot any longer, as we could in the '50s, guarantee unskilled workers on the assembly lines good wages.

GLENDON

My question is about the "new class of losers". I notice missing from your enumeration of the members of that class, one group of people who may not, at first sight, look like losers, namely pensioners. I wonder, though, how you would assess the status of the elderly maybe twenty or twenty-five years from now. At present, they look like winners, in the sense that they are consuming a considerable proportion of the social expenditures in the advanced economies.

Demographers tell us that the *proportion* of dependent people in the North Atlantic countries has hardly changed since the time of *Rerum novarum*. But, the *composition* of that dependent population has changed significantly: a hundred years ago, children predominated; now the elderly are more numerous.

So, here is my question. Do you think that, as the three crises you have identified continue (in the family, the labour market, and the welfare state), the elderly will increasingly be perceived as burdens in all three areas — burdens on hard-pressed family members; burdens on the welfare state; and burdens on the relatively smaller labour force that will have to fund social expenditures? Will we then see a new "class of losers"?

My question is related to concern about the spread of "assisted suicide" and the recent appearance in the United States of court decisions announcing a constitutional "right to die". The concern is that pressure may be mounting for the burdensome elderly to accept someday a "duty to die". Would you care to comment on that?

ESPING-ANDERSEN

Well, I don't know how much I can comment on the duty to die.

GLENDON

Just on the position of the elderly, twenty years from now.

ESPING-ANDERSEN

I think maybe you are both right and wrong at the same time. Sticking to the demographic data, one of the startling things about ageing is the growing size of the "ultra-aged", the 80-plus. They double in size about every twenty years in the advanced countries. The ultra-aged, as we know, impose a very heavy care burden on society, whether it's done within the family or by the welfare state. Families are not capable, at that level of care intensity, to provide optimal quality care; it's just too labor intensive. What happens is, for the lack of public alternatives, that hospitals become the major vehicle, within which the ultra-aged and frail are parked. This is not only horrible from the point of view of the last years of a person's life, but also from the point of view of the family being compelled to put their elderly under those kinds of conditions of care. In addition, it is also extremely expensive. The cost of hospitalization as an alternative, say to care homes, is enormous. In this sense, you're right. There is the possibility here of, let's say, a new class of losers among the aged.

As I was also saying, the aged can be very rich, in at least the countries with good pension systems. So, we have this odd kind of Janus-headed character of the aged as a class. Having raised the problem of loser classes, I find it noticeable how new class labels are emerging in Europe. The Germans have the two-thirds society, the French, a society of "deux vitesses". The Scandinavians talk about the A team and the B team, like football leagues, and even now the C team, which are the truly marginalized. These labels denote, of course, the perception in society of a rebirth of the old lumpen proletarians, of an epoch we thought was long gone.

We should, however, be careful here. If, as Joseph Schumpeter argued, classes are like an omnibus, always full of people, but always of different people, the problem is minor. The problem of low incomes, of working in a bad job, or of single parenthood, is a minor one if it is a fleeting, temporary experience. I think we all have held student jobs. They are not particularly lucrative, and not the kind of life one wants. But, for us they were not prisons. If there's imprisonment, or entrapment, in underprivilege, then our societies today face a major problem. In order to answer this question we need panel data or life histories. Such are unavailable, except for very few countries.

We do know a couple of things however: that in EC Europe, entrapment in unemployment is a real threat. Average duration of unemployment today in the EC area, excluding Britain, Germany and Denmark, can be as much as 36 months. We also know that the U.S. has a very high chance of entrapment in poverty and low incomes. The most recent US data show that, if in any given year you find yourself in poverty, chances are that in the subsequent ten years, at least during five of them, you will also be in poverty. You may jump in and out of poverty, but the chance of returning is very high. In other words, we have a real possible crisis of entrapment in today's society, not so much among elderly, as among the young. And this is why I think, we have to radically shift our attention from the aged to the young.

ARCHER

I was very interested by your comparative figures on private spending and public spending and particularly your Swedish/American comparison where, if I was listening to you correctly, in terms of the net outlay from gross national products, the outlay is just about the same. So it's the means of distribution that differ. But you made a very interesting comment *en passant* and I would welcome it if you could elaborate on it. You said something to the effect of "but, of course, this is unrelated to the question of distributive justice". Obviously, just from hearing those figures, one would not expect it to be related to distributive justice, because in the free market deal, the absolute outlay may be x , but it will be paid for by y , who are those who can afford to pay for it: whereas in the public sector welfare state deal, the outlay may be exactly the same x , but it will be more levelled or even act counter to those who are best able to afford it. So, is it too gross to draw the conclusion from that, that the out-takings from economic earnings of a country are going to be much the same, so that it is going to have no more drag or boost on the economy, whichever way you do it? But the beneficiaries are going to be a totally different population in the two countries.

ESPING-ANDERSEN

I think I am not equipped to answer the core of your question. But we should keep in mind that in America the U.S. spends exactly twice of what Europe spends on health care. It's now up to thirteen percent of GDP because of a very irrational system. It is of course not said that if Europe were to privatize pensions, it would end up with the kind of system that America has. Just by virtue of the system, American families have to spend

too much of their income on health protection. There is neither any equity nor efficiency reason to privatize health care in Europe.

Otherwise your question is difficult to answer, because it clearly depends on what would happen to savings behaviour. Following the logic which I just laid out, I doubt that a shift of costs from one institution to another will induce real savings. You can, of course, change the pension savings system. A Chilean type pension reform will induce a much higher savings rate than a pay-as-you-go system. The Italian system has a negative savings equivalent of a third of the annual public deficit — a heavy negative saver. Clearly, there you could have some growth gains or efficiency gains. But, given all unknowns, it's very difficult to see how the economy would respond as a result.

ZULU

There seems to be an argument that in developed countries a declining birth rate is counterproductive to the economy. We are getting a different argument in developing countries, and that is, that a high birth rate is counterproductive to the economy, because, one, it strains the security network, two, it adds a burden to the welfare state, and three, it stifles production, in that the savings that would be used for investment, are channeled on to welfare. Where do we stand exactly? What would you say the position is in developing countries with a high birthrate?

ESPING-ANDERSEN

This is essentially what underpinned my question about migration to Professor Zubrzycki. Europe could go along until the populations die out, with very low birthrates, such as 1.2 births per woman over her lifetime as in Italy and Spain today. This need not be bad as such. But the immediate problem is the imbalance between young and old, in terms of financing the welfare state, especially pensions, in the future. Italy now has, as first country in the world, an exact ratio of one active contributor to one pensioner. Yet, Sweden has 2.5 for each pensioner. It's not that Italy has more aged than Sweden. The big difference is that Italy has a low age of retirement, and a very low activity rate. Sweden has virtually everybody working: 80% of women work, and early retirement is modest. This results in a more favourable contributor-to-pensioner ratio

Now, some might say that it doesn't matter, because we can just have immigration. Since there is an excess of fertility in large parts of the world, this would be a golden opportunity for all. Yet, immigration is not a win-win solution, because most immigrants would be low-skilled people who

would add to the existing unemployment burden. Our unemployed are mainly unskilled or low-skilled people. If we also accepted large numbers of unskilled immigrants, this would lead to a drastic decline, in the low-end wage market. If, instead, we were to prioritize highly-trained, educated immigrants, then we would be robbing the Third World of its development opportunities and that clearly is not a win-win situation from the point of view of developing countries. In other words, for me it is very difficult to see how migration would answer any of the dilemmas we are dealing with. Immigration should be treated as an independent issue.

ZUBRZYCKI

Just a postscript on the issue of equality as a potential problem in the welfare state. I think it is important to make a philosophical distinction, between equality of access and equality of outcomes. What the welfare state legitimately does, is to ensure that everyone, irrespective of gender, race, religion, or whatever, has access to compete for jobs, access to housing, access to health services, and education. Where this idea goes wrong is in providing schemes of affirmative action, that for certain designated groups ensure in advance equality of outcomes. Once this happens, then certain undesirable consequences follow, above all a backlash in the community, and the whole edifice of the welfare state begins to crumble.

ESPING-ANDERSEN

I couldn't agree more with you. Basically, I believe that one of the less explored problems in terms of welfare state thinking and welfare state research is the constant tension between equity and equality. Equity has to do with norms of fairness (you get what you earned), while equality has to do with a similar distribution of resources. Welfare states responded very aggressively to the demand for more equality in the 1960's, with either affirmative action type approaches (such as in the United States) or heavy redistribution as in Scandinavia. This has increasingly violated norms of equity. The question of equality lies at the core of the legitimacy crisis of the welfare state today. That I fully agree with.

LLACH

I particularly appreciate your effort to include the family in the analysis; this is uncommon among economists. But I have two remarks to present. The first one refers to your pessimism about the potential job creation in the service sector. You mentioned a paper by Baumol written with very special assumptions, thirty years ago. At the time the United States

had perhaps 50% of its labour force in the service sector; now the same proportion amounts to 80%. So, the theoretical analysis was interesting, but the forecast was poor, basically because the author overlooked that the service sector also had a potential to increase gradually its productivity. So, your pessimism regarding the potential job creation in the service sector is perhaps unfounded as well.

The second remark concerns the solutions you are suggesting. They may be adequate to a closed economy, but not to an open economy, because they will generate high labour costs and loss of competitiveness.

ESPING-ANDERSEN

Yes, certainly. Also Baumol has done a lot of work on the empirical basis of the cost disease problem. He, and others, inevitably find that there are great sectoral differences in terms of the degree of the disease. However, I do still believe that the problem holds for the labour-intensive, low-qualified end of the service sector, the one that really creates jobs for the group that we are concerned with: namely, the less-skilled workers, youth and immigrants. There it is very difficult to increase productivity without a sacrifice in quality. Certainly, waiters can run quicker, or you can eat in a self-service cafeteria. You can increase productivity, but it's very difficult to do so without sacrificing the servicing quality. This is what people also want, and the more they will insist on quality, that is what creates jobs in that low-end of the economy today. Of course, we know from banking and other sectors of services, that productivity leaps are possible, very big ones even.

As regards the closed economy issue, I'm convinced of the opposite. I think it is inevitable to accept more wage differentiation in our economies in response to global trade. I don't think we have to follow the U.S. low-wage, income polarization model. In fact, the debate is usually pitched at North America versus Europe. This creates an enormous amount of confusion, because the United States is just one case. The other economies that have emulated American deregulation, Britain in particular, are not very convincing in terms of their employment performance. Whatever measure of unemployment, long-term unemployment, youth unemployment, etc. that you choose, Britain scores like continental Europe, not like the United States, despite fifteen years of deregulation of the labour market and of even faster-rising earnings inequalities than the United States over the past fifteen years. Despite that, Britain is not particularly persuasive as far as its employment record is concerned. In other words, deregulation of labour markets is inevitable, and it may even be more positive than negative if it is

accompanied not by welfare state dismantling, but by welfare state reorganization. The only way of making deregulation compatible with minimum egalitarian and welfare standards is the reorientation of the welfare state towards what Robert Reich calls a social investment strategy, a strategy that guarantees people that they will not be entrapped in low-paid jobs. This means, essentially, guaranteeing everybody adequate, sellable skills.

TIETMEYER

I could go along with most of your conclusions. But I would like to take up one particular point which you mentioned when you were talking about the reorganisation of the welfare state. You argued that more should be given to families and to young people at the expense of the elderly generation. And you mentioned in this context the question of the saving ratio. I have, of course, a lot of sympathy for such a proposal. From an economic point of view we have to ascertain, however, whether or not a transfer from elderly people to younger families would, on balance, reduce the saving ratio in an economy. In economic terms such a transfer would then be a shift from saving to consumption.

The question is what does that mean for economic development in the long run? Would that not, in the end, harm economic growth? Reducing the saving ratio means reducing the potential for investment. Consider, for example, the experience of one of the biggest countries in the world, the United States. That country has a low saving ratio, relies heavily on the import of capital from all over the world, and is increasing its wealth on the basis of savings from other countries. Would your proposal not mean, in the end, that there is a likelihood that other countries, too, would reduce their saving ratios and would therefore have to rely much more on imports of capital and, as a result, would contribute to increasing inequality between countries? That is the question which I am asking myself. As I said before, I'm inclined to go along with you a fair way. But I am just wondering whether you have considered this implication, which ultimately could end in a vicious circle.

ESPING-ANDERSEN

You are probably right. I wish I could throw the question back to you, and have you answer it, because you are clearly the expert on this. But it does strike me that we could risk a radical decline of the savings ratio, by redistributing to the age group which is least induced to save, least capable of saving. Families with young children usually run into negative savings.

However, as I said earlier, the annual deficit of INPS in Italy now

amounts to 30% of the annual total government budget deficit. The pensioners are savers, but the pension system is a dis-saver at the same time, and the two amounts involved are about identical. Moreover, savings don't necessarily have to come from the aged, and they don't necessarily have to come out of pensions. One other way to induce savings is to raise required savings for home purchase, for example, if it is required at least a 50% downpayment in order to qualify for a mortgage loan. This is why, Italy despite its indebted pension system, has one of the highest savings rates in Europe.

LABOR LAW AND LABOR RELATIONS: COMPARATIVE AND HISTORICAL PERSPECTIVES

THOMAS C. KOHLER

An expanding economy with an increasingly disproportionate distribution of income and markedly uneven rates of development, even within national boundaries. High rates of unemployment and increasing instability in employment relationships. Innovative forms of economic organization accompanied by unparalleled concentrations of economic power. An intensification of population shifts to urban areas, coupled with an unprecedented migration of people from East to West. An astounding disintegration of families and the progressive erosion of other sorts of community life. These are the conditions in which unions and labor laws first developed, and to which Catholic Social Thought first responded. In an intensified guise, they characterize the contingencies that these institutions presently face. This paper will provide a cursory review of this development and assess the present situation in historical and comparative perspective.

I. HISTORICAL DEVELOPMENT OF WORKERS' ASSOCIATIONS AND LABOR LAW

[W]orkmen may themselves effect much in the matter of which we treat, by means of those institutions and organizations which afford opportune assistance to those in need ... The most important of all are workmen's associations; for these virtually include all the rest. [*Rerum novarum*, ¶ 36]

a. *Introduction*

No matter where one looks, the development of unions and of labor law has followed a remarkably similar pattern. Unions, of course, represent a reaction by workers themselves to industrialization and the thoroughgoing

social dislocations that accompanied the development of liberal, market-oriented economies in the mid-nineteenth Century. As Leo XIII observes, however, unions were hardly the only reaction, and their evolution, along with that of the institution of collective bargaining, was neither instantaneous nor linear. For the purposes of this brief overview, we can identify workers, employers, the state, and the Church as the four actors who played the most prominent roles in this development.

Writing in the last quarter of the eighteenth century, the great English legal commentator, Sir William Blackstone, observed that "three great relations" characterize private life: husband and wife, parent and child, master and servant. In this, he echoes a statement made by Aristotle in the *Politics* about the basic elements that constitute the household, and thereby, political society. Family and employment continue to represent two of the most important (if imperiled) relationships of modern life. The ages-old model of relatively stable, largely intramoenial "employment", however, was being eradicated (particularly in England) even as Blackstone wrote. For many, the replacement would be work in large-scale, increasingly bureaucratically organized institutions.¹

b. *Self-Help Associations*

Workers made a variety of responses to these changes in their conditions. One of the first in England were the so-called "friendly societies" — mutual help groups that provided rudimentary insurance and other forms of aid to needy members. These hardy and popular associations began to appear in Britain in the mid-1700's. By the latter-part of the nineteenth century,² they had become significant social institutions in all the industrialized nations of Europe but Germany. By the late 1880's, for

¹ Large-scale industry was at the center of economic development, and employment within such industries would come to typify the idea of work. For example, one scholar has indicated that by the end of the 1890's, over half of the labor force of Germany, Belgium and Britain worked for employers with more than 20 employees. See, Bob Hepple, *The Making of Labour Law in Europe: A Comparative Study of Nine Countries up to 1945* at p. 22 (Bob Hepple, ed. Mansell Pub. Co., 1986). Nevertheless, it is important to recall that much paid-employment continued (and continues) to be in the service of small employers. Protecting the conditions of these employees, for whom collective representation often is not realistic, has confronted the law with continuing difficulties.

² These mutual-aid societies were expressly excluded from the sorts of bans that restricted other forms of workers' associations. On these points, see generally Antoine Jacobs, *Collective Self-Regulation in The Making of Labour Law in Europe: A Comparative Study of Nine Countries*, *supra* note 1.

example, French mutual aid associations had 1.4 million members, while their English counterparts were estimated to have nearly 4 million participants (membership in English trade unions during this period stood at 1 million). Similarly, during the same period, Italian and Danish mutual aid associations had 781,000 and 120,000 members respectively, while nearly 10 per cent of all Belgian workers were affiliated with such organizations.

c. Programmatic Reform Organizations

Programmatic associations of various sorts that typically had as their aim the complete reconstruction of society and the replacement of capitalism represent a second sort of response to the dynamic changes in conditions that industrialization induced. By far the most significant of these organizations in the United States was the Knights of Labor. The Knights was a quasi-religious and fraternal association that had begun as an organization of tailors, but subsequently opened its membership to everyone but bankers, lawyers and alcohol dealers. As the noted labor scholar Msgr. George Higgins puts it, as an organization, the Knights were "fundamentally revolutionary in purpose, but non-revolutionary in method".

The Knights sponsored an ambitious program of moral, social, and economic reform. For example, equal pay for equal work for men and women was one of the stated goals of the Knights' 1878 constitution. Similarly, the Knights by 1886 had 60,000 African-American members and when black delegates were refused accommodations during a convention, white delegates walked out of the offending hotel. As part of its efforts to develop alternatives to capitalist forms of economic organization, the Knights also sponsored a substantial number of producer-cooperatives, particularly in the smelting industry. The geographical scope of the Knights' activities was no more circumscribed than the range of their interests. By 1880, the Knights had established affiliations in both Great Britain and Belgium, the latter of which remained vibrant for several years.

d. The Rise of the Modern Trade Union in the U.S. and England

The diffuseness of its goals and disagreements over its political directions assisted in the collapse of the Knights. Preceding that collapse was the establishment in 1881 of the first, enduring national organization of workers' associations in the U.S., the American Federation of Labor (AFL). The constituent member unions which comprised the AFL represented skilled workers who were organized strictly along trade lines. From the start, the AFL abjured all political ties — particularly Socialist ones.

Instead, it adopted a policy of so-called "business" or "bread and butter" unionism that has characterized American unionism to the present. Although organization of unskilled and semi-skilled workers subsequently would occur, the AFL unions established the patterns for labor law and collective bargaining in the U.S.

The affiliated unions that constituted the AFL were representative of what Sidney and Beatrice Webb referred to as the "new model" trade unions. These were large-scale organizations with full-time leadership, increasingly specialized staffs, and highly pragmatic orientations. They emphasized the negotiation of agreements with employers, used strikes sparingly, and accepted the principles of voluntarism. The Amalgamated Society of Engineers (1850) is said to represent the prototype of this sort of organization in England. Their efficacy was such that French and German workers' associations sent delegations to the Great Exhibition of 1862 to study the British style of trade unionism.³ The Trades Union Congress (TUC), the national level federation of British unions, was founded a few years thereafter in 1868.

e. Continental Socialist Workers' Movements

In contrast to England or the U.S., workers associations with socialist orientations have played an important role in the development of unions, labor law and the practice of collective bargaining on the Continent. In Germany, for example, the first national workers' organization, the General German Workers' Association (*Allgemeinen Deutschen Arbeiterverein*) was founded in 1863. Led by Lassalle, obtaining universal suffrage was the chief goal of this group. A few years thereafter, Bebel and Liebknecht founded the strongly Marxian influenced Social Democratic Workers' Party (*Sozialdemokratische Arbeiterpartei*). The merger of these two associations in 1875 marks the founding of the present Social Democratic Party. These parties also supplied the foundation for the development and spread of the so-called "free" or socialist unions, which typically had as part of their aims the overthrow of capitalism. It was not until the shift to a reformist social strategy in the 1890's that the free unions would engage in collective bargaining or other representational and participative activities in the workplace.

In addition to the free unions, Germany had two other programmatic workers associations. These were the liberal Hirsch-Duncker unions (foun-

³ See Jacobs, *supra* note 1 at pp. 216-17; Sidney Webb and Beatrice Webb, *The History of Trade Unionism* (Revised Edition, Extended to 1920) pp. 180-233, Longmans Green & Co. 1935.

ded in 1869) and the Christian unions (which were formed after the issuance of *Rerum novarum* in 1891). Both groups were meliorist: they accepted capitalism and sought to improve the standards of workers through collective bargaining and other forms of self-help activities. In terms of numbers at least, these later two associations were far weaker than their socialist counterparts. At the turn of the century, the socialist unions counted over 680,000 members. In contrast, the liberal and Christian unions had fewer than 100,000 members each.

Socialist oriented workers' associations also had important roles in the development of union movements and labor law in France and Italy. In both nations, however, Catholic social thought and Catholic unions exerted a stark influence as well. Perhaps not surprisingly, the Italian Catholic labor movement enjoyed massive growth during the later years of Leo XIII's papacy, which ended in 1903.

f. Non-Western Workers' Movements

Of course, unions exist outside of Europe and North America, and their rise has typically accompanied the development of mass industry or large-scale agricultural operations. Nevertheless, special problems often have obtained. For example, despite its relatively early and quick industrial development during the first decades of this century, all attempts at establishing any sort of workers' movements in Japan were strongly repressed. It was not until the post-war period that the formation of independent unions and the practice of collective bargaining appeared, under the sponsorship of the American occupation government.

In the industrialized west, however, union affiliation surged nearly everywhere in the period between 1890 and 1920. For example, membership in the "free" unions in Germany grew from 50,000 in 1890 to more than 2.5 million by 1913, and more than 7 million in 1922. Similarly, in 1897, at the end of a short, but severe depression, American trade unions had 450,000 members. By 1904, their constituency exceeded 2 million, and by 1920, spurred in part by the end of the war, over 5 million persons (about 19 percent of non-farm workers) held membership.

g. Employer Responses to Employee Self-Organization

The waxing power of unions drew responses from management that followed similar patterns everywhere. One was simple resistance, which took various forms including blacklists, discharges, "yellow" or "yellow-

dog” contracts,⁴ violence, and various forms of organized anti-union propagandizing efforts. More creatively, management also earnestly sought alternatives to employee self-organization and collective bargaining. In England, Germany, France, and the U.S. alike, various forms of employee representation and participation schemes were developed, many of them quite elaborate. These participation schemes were directed at establishing an attitude of trust and willing cooperation with management on the part of employees and a sense of identity with their employer. They thereby would obviate the need for unions, while providing a channel of communication between employees and management, thereby increasing morale and consequently, productivity and product quality. The present German works-council system is a direct outgrowth of these efforts. Joint employer-employee consultation and productivity committees, semi-autonomous work teams, and other “employee involvement” devices (the forerunners of today’s participatory schemes) likewise stem from these endeavors. The use of these devices was especially popular in the U.S. until the passage of the National Labor Relations Act in 1935 made the legality of their use by non-unionized employers highly dubious.

Between 1890 and 1914 employer groups across Europe also formed permanent, national level confederations of employers’ associations. Their constituents typically were organized along trade lines that existed at local, regional or industry levels. Not coincidentally, these organizations mirrored the national level federations of trade unions that already had emerged. A principal purpose of these employers’ associations was to resist the organized labor movement. These employer organizations subsequently would come to play an important role in collective bargaining systems.

h. The Role of the State and the Influence of Liberal Anthropology

The role of the state in the evolution of labor law and labor relations systems is a changing one and reflects the shifts in decisionmaking power that accompanied industrialization. Particularly in Germany, that development went hand-in-hand with the efforts to ground a representative democracy and the social institutions necessary to its support. Indeed, across industrialized nations, the entire struggle over the “social question” can be understood as an endeavor to develop an ordering system for the employment relationship appropriate to conditions in which the large

⁴ These terms denote a contractual agreement by which an employee agrees not to join a union during the term of his employment.

institutions of market and state increasingly had come to predominate. Put slightly differently, workers' associations represent an effort to elaborate an entirely new kind of mediating institution⁵ through which individuals could be enabled to participate in the promulgation and administration of the law that most directly affects the day-to-day conditions of their lives. Far less than some sort of class consciousness, the rise of unions reflect the innate sociality and political nature of the human being — an application of phronesis to an unprecedented set of social contingencies. In short, unions are far more than economic institutions and their significance as social bodies extends far beyond the bounds of market analysis.

Writing on the eve of the eruption of the industrial revolution in England, Adam Smith well described the initial position of the state and law toward workers' associations. "We rarely hear", he wrote, "of the combinations of masters, though frequently those of workmen. But whoever imagines, upon this account, that masters rarely combine, is as ignorant of the world as of the subject". When employees do organize themselves, Smith continued, "The masters upon these occasions ... never cease to call aloud for the assistance of the civil magistrate, and the vigorous execution of those laws which have been enacted with so much severity against the combinations of servants, laborers, and journeymen". In fact, these bans had two, distinct sources. The first might be called traditional and its typical expression can be found in judicially crafted bans against workers' combinations in the English common law, and in prohibitions like those contained in the Prussian General Code⁶ that forbade journeymen to form guilds or other organizations to represent their interests.

The second, and more important source lies at the heart of modern liberalism, and the anthropology that informs it. In this framework, mediating groups of nearly every description are regarded as posing an imminent threat to individuals and the state alike. Indeed, this is one of the few things on which Thomas Hobbes, and his greatest critic, Jean-Jacques Rousseau, agreed. Hobbes likened mediating associations to "wormes in the entrayles of a natural man", and counseled that they were every bit as pernicious. Similarly, Rousseau warned that, "for the general will to be well-expressed" it is "important that there be no partial society in the State".

⁵ The term mediating institution refers to families, religious congregations, service and fraternal associations, unions, grass-roots political clubs and the like that mediate the relation between individuals and the large institutions of market and state that characterize so much of contemporary public life.

⁶ «Die Gesellen machen unter sich keine Kommune oder privilegierte Gesellschaft aus» preußisches Allgemeines Landrecht II. Teil 8. Abschnitt § 396 (1794).

These views found their expression in the law that followed in modernity's wake, perhaps most famously in the *Loi Le Chapelier* of 1791,⁷ which banned all forms of workers' associations.⁸ Similar restrictions on workers' associations can be found in the English Combination Acts (1800), and like statutes throughout Europe, as well as judicially developed restraints on worker association in American common law.

As the American legal scholar, Archibald Cox, long ago observed, labor historically has demanded two things from the state: the right to organize and the right to strike. Achieving the *de jure* (as opposed to the *de facto*) recognition of these rights, and working out the systems within which they would be protected and circumscribed, would be the work of several decades. During this period, a rather large amount of legal (or extra-legal) experimentation with various regimes for ordering the employment relationship would occur.

i. *The Changing Character of Labor and Employment Law*

Until the latter part of the nineteenth century, the employment law of England, France, Germany, Sweden, and several of the leading state jurisdictions in the U.S. was strikingly similar: employment was presumed to be for a period certain (generally fixed by custom) and was terminable only for good cause and after reasonable and customary notice. The emergence of mass markets and large-scale economic organizations dissolved the feudal notions of a personal and ongoing relationship between employer and employed that was the basis for the old employment law model. Its replacement was the so-called employment-at-will doctrine,⁹

⁷ As formulated and introduced in the French National Assembly, the intentions of *Le Chapelier's* law were far reaching, and its wording could have come from the mouth of Rousseau himself: "The guild no longer exists in the state; there exists only the particular interests of each individual and the general interest. No one is permitted to encourage an intermediate interest that separates citizens from the community interest through a corporative spirit". (*«Il n'y a plus de corporation dans l'état; il n'y a plus que l'intérêt particulier de chaque individu, et l'intérêt général. Il n'est permis à personne d'inspirer aux citoyens un intérêt intermédiaire, de les séparer de la chose publique par un esprit de corporations»*).

⁸ Article I of the Decree stated: The destruction of all forms of guilds constituted by citizens of the same trade or profession being one of the fundamental goals of the French Constitution, it is forbidden to reestablish them under any pretext and under any form whatsoever. (*«L'anéantissement de toutes espèces de corporations de citoyens de même état et profession, étant l'une des bases fondamentales de la Constitution française, il est défendu de les rétablir de fait, sous quelque prétexte et sous quelque forme que ce soit»*). A decree of 13-19 November 1790 had given workers the right to assemble and combine that the *Loi Le Chapelier* revoked.

⁹ The doctrine presumes that unless specifically agreed, employment is freely and unrestrictedly terminable at the will of either party.

which made a roughly contemporaneous appearance in Continental, English and American law alike. The at-will doctrine began to shift employment law away from the law of domestic relations within which it had first developed to the then quickly developing area of the law of contracts, in which it in large part has remained.

Like marriage, employment long had been conceived as a relationship that represented some mixture of status and consent. Depending on the persons and the circumstances, the characteristics of both relationships could be fixed somewhere on a continuum between these two poles. As the newly emerging law portrayed it, the employment relationship existed almost wholly at the consent end of this continuum. In the common and civil law alike, the notion of mutuality provided the justification: the employer or the employed was free to terminate the relationship at any time. Like the modern contract theories of political society that preceded them, the development of these contract theories for legal ordering required a fair amount of inventiveness, which in this instance would come from continental legal scholars and common law judges alike. In their full-blown forms (which appeared in late nineteenth century), these contract theories exemplify a species of law that Max Weber characterized as a system of logical rational formalism, i.e., a system that expresses its rules through abstract concepts that are the creation of the legal theory itself. These rules are regarded as constituting a complete, "gapless" system that encompasses all contingencies.

Employers undoubtedly appreciated the flexibility the new employment law extended to them. Nevertheless, as an ordering system, it was unacceptable to employers and employees alike. Oddly enough, despite their differences, the new, contractually based employment-at-will model of the employment relationship shared a crucial characteristic with its family law based predecessor: the notion of a direct, "one-on-one" relationship between employer and employed. This notion supported a legal fiction central to the new contract model that portrayed the employment relationship and its conditions as the result of ongoing bargaining between the employer and the employee.

Of course, this fiction did not reflect the reality of mass employment in increasingly bureaucratically organized enterprises. What was sought after by employers, employees and lawmakers alike was some sort of ordering system that would be appropriate for group dealings between employees and the organizations that employed them. In all parts of the industrialized world, the search after that system would remain a major societal preoccupation until the first two or three decades of this century. Unions, employer-sponsored worker participation plans, producer co-operatives,

various schemes of "welfare capitalism",¹⁰ and calls for the complete reorganization of society along socialist lines all represent aspects of this search. The collective bargaining models that eventually would emerge represent one important outcome of these experiments in ordering, and their attributes are the product of employers and workers alike. Before turning to a brief consideration of the characteristics of these models, and to a comparative sketch of employment ordering systems, it is appropriate briefly to discuss the role of the Church in the evolution of labor law.

j. The Role of the Church: The American Example

An adequate description of the influence of the social teachings on the development of employment ordering systems far exceeds the limited bounds of this paper. Succinctly stated, their impact has been both substantial and pervasive. Naturally, the character of this impact and the means of its expression has varied with time and place. Perhaps nowhere is the influence of the social teachings more palpable, however, than in the United States.

To take but a few scenes from a rich and complex story: Unlike most of Europe, the United States has never had a divided labor movement with separate Catholic or Christian trade unions. In fact, nearly from the start, the relations between the Church and workers' movements in the United States essentially have been friendly and (particularly through the first six decades this century) markedly cooperative. Once again, brief reference to the Knights of Labor is illuminating.

To protect its members from employer retaliation, the Knights began as a secret organization. Like many fraternal groups, it also maintained various covert rituals. Concerns raised by the activities of clandestine organizations like the Masons, as well as the Marxist orientations of many workers' associations in Europe, lead the Canadian bishops to condemn the Knights. Well-informed about the Knights' actions and programs in the U.S., and fearful that Rome might prohibit American Catholics from involvement in the organization, the American bishops, led by Cardinal Gibbons, successfully came to the Knights' defense. In 1886, Gibbons drafted a statement on behalf of the bishops, which he took to Rome. The statement explained the role of the Knights' and of trade unions in the American context, and admonished that a condemnation of such workers' associa-

¹⁰ This term describes a broad variety of activities from company-built model towns, such as Pullman, Illinois (which was erected in the late 1880's and inspired by employer-sponsored housing developments in Europe) to company-sponsored education and recreation programs.

tions might drive a wedge between the Church and its poorest members. The distinguished historian, John Tracy Ellis, judged this document as one of the most significant the American bishops have produced, since it assisted in preventing any sort of fragmentations within the Church, within the developing labor movement, and between the Church and labor.

The way opened to them, Catholics have remained an integral part of the American labor movement. Indeed, Catholics — and Jews — in the U.S. have been distinctly more hospitable to becoming members of unions than any other group, and they also have dominated union leadership positions in numbers far disproportionate to their representation in the general population. There are undoubtedly a great many reasons for this, the most obvious being that as members of immigrant groups, many Catholics and Jews had strong financial reasons to become active in and to support unions.

Nevertheless, there appears to be more involved in all this than simple economic interest. For example, workers in the southern United States (where the numbers of Catholics and Jews historically was small) have had similar financial reasons to join unions, yet they traditionally have resisted organization. To condense a lot into a sparse description: Habits of thought related to and inculcated by these two religious traditions appear to have had rather a lot to do with the general willingness of Catholics and Jews to become involved in or to support unions. Both traditions, for example, place an enormous emphasis on community.¹¹ Similarly, neither would tend to understand community — at least in its most profound forms — simply in terms of a voluntary association of like minded individuals. Accordingly, neither tradition emphasizes the supremacy of individual conscience over the norms authoritatively transmitted through the community.¹² As Tocqueville noted, “Catholicism may dispose the faithful to obedience, but it does not prepare them for inequality”. In contrast, “Protestantism in general orients men much less toward equality than independence”.

¹¹ Briefly stated, rather than the sovereign, self-defining self of the Enlightenment, the Catholic or Jewish self is situated by obligation and exists through a web of associational ties with others. In contrast to a self that can know itself in Cartesian isolation, the Catholic self is a “mediated” self, that only comes to know God, or anything else, through participation in a community. Indeed, in this perspective, God discloses himself through others, and it is in serious conversation with others, within and across time, that one literally is inserted into the conversation among the Trinity. In other words, the Catholic and Jewish anthropology of the self, as well as the image of community, stands in stark relief to the images that one finds in secular modernity.

¹² In short, whether they themselves were in any sense “religious”, unions and the sorts of habit they require to sustain themselves may have been particularly intelligible to persons of Jewish or Catholic backgrounds. As both groups have become more assimilated into American culture, the special intelligibility of unions (and other mediating bodies) has faded.

The "Catholic" attitude toward associational activities and communal ties generally (which might be termed the "subsidiarity attitude"), as well as the American Church's early sympathy for and support of workers associations (which is an expression of this attitude), set the groundwork for the special character of the relation between the Church and labor in the U.S. Added to these factors is one that Tocqueville was the first to point out: the early separation of church and state in the U.S. has given religion and the religious voice a distinct and special function in American public life. That voice has played an important role in both the labor and civil rights movements in the U.S. These are large topics, however, that are better pursued in another place. It is appropriate here instead to turn to a sketch of labor and employment law systems.

II. CHARACTERISTICS OF LABOR LAW AND LABOR RELATIONS SYSTEMS

This teaching also recognizes the legitimacy of workers' efforts to obtain full respect for their dignity and to gain broader areas of participation in the life of industrial enterprises so that, while cooperating with others and under the direction of others, they can in a certain sense "work for themselves" through the exercise of their intelligence and freedom. [*Centesimus annus*, ¶ 43]

a. *Introduction*

As a separate area of law, the law of employment is relatively new. For example, the first legal treatise dealing strictly with the employment relationship did not appear in the U.S. until 1877. Similarly, the first work to treat the individual contract of employment in Italy was published only in 1901. One legal scholar has noted that in many European countries, labor law only became recognized as a discrete field after World War II.

This observation raises a definitional problem. Nearly everywhere, the term labor law refers to the law of collective bargaining and collective agreements. In some places, however, and particularly in Germany, the term more widely indicates the entire body of legal regulation that affects the private employment relationship. Broadly speaking, this includes both individual and collective labor law, as well as the law of social security. These operate together as part of an articulated whole, and it is misleading to assess the law regulating the individual employment relationship in isolation from collective labor law.

In contrast, in the United States context, labor law typically designates solely collective bargaining, while employment law specifies protections for

the individual employee. These latter include statutory prohibitions of employment decisions based on factors such as race, sex, age or disabilities, as well as judicially developed protections against unfair dismissal for individual employees. While labor and employment law are not wholly distinct fields, they rest on different bases, and in the final analysis, are intended to achieve rather different goals. Unlike the German system, American employment law has had a piecemeal development, and its various aspects often stand quite independently from one another, and from the law of collective bargaining.

In part, these terminological differences reflect the lack of systemization that is characteristic of common law methodology, which unlike the approach of the Continental civil law systems, is heavily analogic. More importantly, they exemplify two distinctly different responses to the issues raised by the "social question", and to the problems in employment ordering that have arisen during the past quarter-century. In many ways, the U.S. and German models represent opposing "ideal types", between which the employment ordering regimes of other industrialized nations fall. For this reason, and because of the influence of Germany and the U.S. on the legal, social, and economic orders of other nations, they provide useful models for describing and comparing the characteristics of labor and employment law.

The late appearance of labor and employment law is hardly surprising. As has been seen, the search for an ordering regime appropriate to mass employment took several decades to develop. In typical fashion, the law did not lead these developments, but chiefly followed them. The key characteristics of collective bargaining systems had crystallized in most industrialized nations before the outbreak of the First World War. The time for formally instituting what the parties themselves had developed would occur in the decade or so that followed.

b. The German Model as Continental Prototype

The principal lines of present-day German labor relations law were laid down during the Weimar period (1919-1933). The Central Commission of Co-operation (*Zentralarbeitsgemeinschaft*) reflects the role of the parties in the law's promulgation. The employers' associations and the trade union federation established the Committee at the War's end. In so doing, the employers' pledged the unhindered recognition of unions and both parties asserted that collective bargaining should serve as the chief means for ordering the employment relationship. The pathbreaking work of legal

scholars such as Phillip Lotmar and Hugo Sinzheimer also assisted in establishing the theoretical basis for German labor law and elaborating its contents. The Works Councils Act of 1920, the creation of the labor courts system (1926), and the establishment of a comprehensive unemployment insurance and job placement system (1927) are considered to be some of the most significant legacies of the Weimar era.

c. *Individual Labor Law*

German labor law developed as protective law, *i.e.*, as law to protect the weaker party to the employment contract. The idea that the state should play a positive role in supporting the individual's development of his or her personality¹³ (in part, through assisting to stabilize the employment relationship) runs throughout. Consequently, German labor law presents an imposing edifice of extensive protections for the individual employee. These include broad protections against dismissal, the right to an annual vacation (24 days), regulations concerning maximum daily working hours, the guarantee of continued remuneration in case of sickness, as well as a impressive variety of other, statutorily guaranteed rights. Freedom of contract remains the basis of German employment law. However, by creating a statutory "scaffolding" that conditions, qualifies, or fixes the permissible terms, the State plays a large role in shaping the nature of the employment relationship.

d. *Collective Labor Law*

This relatively high level of state intervention affects but hardly displaces the significance of collective bargaining in the German employment ordering scheme. In the German conception, collective bargaining represents an autonomous lawmaking scheme which both embodies and operates according to the principle of subsidiarity.¹⁴ As the

¹³ This right to "the free unfolding of one's personality" (*die freie Entfaltung seiner Persönlichkeit*) is also guaranteed by Article 2 of the German constitution.

¹⁴ Thus, as one scholar and member of the German Constitutional Court notes, "The collective bargaining system proves to be a sensible restriction of governmental lawmaking ... With the negotiation of pay and other conditions of employment, the parties to the collective agreement truly take on tasks whose fulfillment by the state in a free democracy hardly would be possible". (*«Das Tarifvertragssystem erweist sich als eine sinnvolle Beschränkung der staatlichen Gesetzgebung ... Mit dem Aushandeln der Löhne und sonstigen Arbeitsbedingungen nehmen die Tarifvertragsparteien Aufgaben wahr, deren Erfüllung von Staats wegen in einer freiheitlichen Demokratie kaum möglich ist»*). A. Söllner, *Grundriß des Arbeitsrechts* 121 (11. Auflage 1994).

German Constitutional Court characterizes it, the collective bargaining process entrusts to the parties the crucial task of the "meaningful ordering of working life" ("*sinnvolle Ordnung des Arbeitslebens*").¹⁵

In keeping with the idea of contractual freedom, the collective bargaining agreement sets only the minimum employment conditions,¹⁶ which become part of the terms of the contract between the individual employee and the employer. These minimum terms may be improved, but not reduced, through individual agreement. Similarly, by operation of the law, the collective agreement binds only an employer who has assented thereto, and the employees who are actual members of the union which negotiated it. In actual practice, however, employers generally extend the collectively bargained conditions to all employees in the workplace. According to the so-called "principle of contractual unity" (*Prinzip der Tarifeinheit*), only one collective bargaining contract will govern the conditions of a given workplace.

Although they are possible, collective agreements between a single employer and a union are unusual. Typically, collective agreements are concluded between individual unions and an association of employers at a branch or regional level. This pattern of settlement precludes collective agreements from taking into consideration the particular problems and conditions of a specific business or workplace, and complicates, if not forecloses, direct employee involvement in the employment ordering process. It is at the latter, "grass-roots" level that the distinctive German labor relations institution, the works council (*Betriebsrat*), exists and exerts its influence. The works council represents the chief means by which workers participate in management decisionmaking. As such, it constitutes a central feature of the German employment relations system.

e. *The Works Council and Workers' Participation*

As previously noted, the works council traces its development to management efforts to develop alternatives to autonomous, self-organized employee associations. After World War I, the Weimar Constitution (Art. 165) called for the creation of establishment workers' councils (*Betriebsarbeiterräte*) which would become part of a hierarchical system of workers and economic councils. These were to culminate in a Reich Economic Council (*Reichswirtschaftsrat*), comprised of employers' and workers'

¹⁵ BVerfGE 4, 107; 18, 27.

¹⁶ Accordingly, Germany has no minimum wage legislation. Minimums are set through the patterns established in collective bargaining.

representatives, that would review and give opinions on any draft legislation concerning social or economic matters. The Economic Council was to have the power to propose legislation as well. With the enactment of the 1920 Works Councils Act, only the first level of this scheme was realized. To secure its passage, however, the Act had to be tailored in a way to make it acceptable to the conservative majority in Parliament. This resulted in the works councils standing separately from the unions, and being confined to representing the employees of only one employer. Thus, the works councils established by the 1920 Act closely resembled the alternatives to collective bargaining that employers had developed in the nineteenth century. Not surprisingly, the unions had many misgivings about and objections to this structure, which strongly were reiterated with the reintroduction of the works councils system in the Works Constitution Act of 1952. These concerns and dissatisfactions were at least to some extent addressed in the 1972 amendments to the statute.

The institutional separation between the unions and the works councils continues to exist in form, but substantially less in fact. Presently, an overwhelming majority of the members of works councils are also union members. This gives the unions influence over and direct communication with the works councils. It also permits the works councils to serve as direct "grass-roots" links between the unions and individual workplaces. In short, the works councils system largely is grounded by its relationship with autonomous employee associations. While the employer is responsible for their economic support, the works councils consist solely of employee representatives who are selected by their colleagues.¹⁷ Unlike the unions, which represent only their actual members, the works council represents the entire employee complement in the workplace. Although the law requires them in every workplace with five or more employees, many small and medium size employers have no works council.

The works councils have extensive participatory rights that include personnel and economic as well as social matters. These rights are backed-up by the employer's duty to supply the works council with any information necessary to the effectuation of its tasks. The law also establishes several areas where the works council has a co-determination right. The employer may effect no decision on matters that fall within the scope of this right without having received the express consent of the works council. In other words, on these topics, the works council has a managerial right that is

¹⁷ The law has been interpreted broadly; generally speaking, only persons who exercise significant managerial discretion are foreclosed from works council participation.

coextensive with the employers'. The works council and the employer may also promulgate a "works agreement" (*Betriebsvereinbarung*). The agreement constitutes a contract between the employer and the works council and may settle matters over which a codetermination right exists. In some ways, however, the works agreement resembles the collective bargaining agreement because it may also establish minimum conditions that have a normative effect on the individual employees' contract with the employer. To prevent the undermining of the collective bargaining system, however, works agreements are prohibited over topics that are treated in a collective agreement. This is a very broad prohibition. So long as an employer operates in a geographical region or a branch of industry where a collective agreement exists, works agreements over subjects treated in the collective agreement are banned. This is true even if the employer is not itself a party to the collective agreement. This rule reflects the importance of the collective bargaining system in the German scheme of labor relations.

f. The Anti-type: The American Model of Collective Labor Law

Several aspects of the American system of "free" collective bargaining stand in rather sharp relief to the German model. In the American scheme, the state establishes and sanctions a voluntary ordering system, but leaves the outcomes achieved through the process to be determined wholly by the parties, free of governmental influence. This regime represents an example of what Gunther Teubner terms a "reflexive" legal scheme. The goal of reflexive law, Teubner states, is "regulated autonomy", or controlled self-regulation. Reflexive legal schemes entail minimal state intervention in the ordering of relationships because they rely on market mechanisms to shape their results.

In the United States, the term collective bargaining virtually is synonymous with the Wagner Act. The core goal of the statute is to protect and enhance individual status through the defense and maintenance of freely formed and autonomous employee groups. This feature defines the statute and characterizes the unique position that it holds in American law. The Act represents the only place in an otherwise highly individualistically-oriented jurisprudence where the law has encouraged the formation of mediating bodies through which to promote individual empowerment and to foster self-determination. In the final analysis, the Wagner Act rests on a distinctly different idea of the character of human personhood than that which typically informs American law.

Congress enacted the Wagner Act in 1935. In so doing, and in contrast to the rest of the industrialized world, Congress deliberately opted for a

system that would involve minimal state intervention in the employment relationship. As in the German conception, collective bargaining in the U.S. can be understood as a private law-making system. In contrast to the German conception, however, the chief function of the collective agreement in the U.S. context is not to establish a set of minimum employment conditions that strictly apply only to the union's members. Instead, the American collective bargaining agreement elaborates in a binding fashion all aspects of the employment relationship for all the employees in the affected workplace. Thus, the United States Supreme Court has described the collective bargaining agreement as not just a contract, but "a generalized code" that represents "an effort to erect a system of industrial self-government" through which the employment relationship can be "governed by an agreed-upon rule of law".¹⁸

The promulgation and administration of this law is largely the responsibility of the affected parties alone. Consequently, American collective bargaining agreements typically erect a private dispute resolution system — the grievance arbitration process — that the employer and union jointly administer. These systems generally have jurisdiction over nearly every sort of dispute that might arise concerning the employment relationship. The presence of an arbitration system normally precludes the courts for other arms of the state from adjudicating matters that come within the parties dispute resolution scheme.

The so-called exclusivity principle bottoms the American model of collective bargaining. It also marks one of the starkest differences between the American and German industrial-relations systems. The exclusivity principle rests on the idea of majority rule. The principle establishes the association formed by a majority of employees in the affected workplace unit as the exclusive representative of them all. The principle prohibits an employer from attempting to bypass the majority-designated representative by unilaterally changing the terms or conditions of employment, or by dealing with individuals or groups of employees independently of the union. The preferred status the majority-representative enjoys in this scheme carries with it the obligation to represent all employees fairly, regardless of their support for or membership in the union.

The exclusivity doctrine prevents the fragmentation and dissolution of the strength employees achieve through collective action. It thereby acts to protect the principles of majoritarianism that underpin the Act's scheme. The exclusivity principle also reflects the fact that American workers

¹⁸ *Steelworkers v. Warrior & Gulf Navigation Co.*, 363 U.S. 574, 580 (1964).

generally organize and bargain on a workplace or employer basis, and not on a regional or industry-wide basis. To a substantial degree, the principle is a function of the emphasis in American-style collective bargaining on local, "bottoms-up" law-making. The centrality of exclusivity to the Act's scheme reveals the statute's preoccupation with the removal of impediments to the free formation of autonomous, self-organized employee associations.

In adopting the Act, Congress intended to institute a comprehensive, uniform, and flexible system through which the employment relationship could be ordered. Hence, rather than attempting to adjust specific problems legislatively, the Wagner Act left it to the parties themselves to promulgate arrangements appropriate to their circumstances. The chief significance of the American collective bargaining scheme lies in the opportunity it provides to involve people in making and administering the law that most directly determines the details of their daily lives. The process both permits and requires people to decide for themselves the kind of people they will be, and to explain and justify those choices to one another. Succinctly stated, American-style collective bargaining provides employees with a powerful means to participate in a broad spectrum of managerial decisions, which it accomplishes through establishing the law making process at a "grass-roots" basis. Accordingly, the American labor law scheme also represents a concrete embodiment of the subsidiarity principle.

g. American Employment Law

During the past 15 years, the practice of collective bargaining in the U.S. has steadily declined. In contrast to "traditional" labor relations law, the two sources of employment law have become of ever-greater significance in the American context. The first of these are statutorily guaranteed protections against discrimination in employment decisions based on factors such as race, color, creed, sex, or the national origin of an employee. These are far-reaching protections that are primarily contained in the famous Title VII of the Civil Rights Act of 1964. The Age Discrimination in Employment Act of 1967 (which prohibits age-based employment decisions and covers all employees over the age of 40) and the recent Americans with Disabilities Act (1992) are modeled after Title VII and extend that statute's protections against discrimination in employment. Unlike the Wagner Act, however, the rights created in these employment discrimination statutes are not intended to involve workers in the ordering process. Rather their goal is to open and extend employment opportunities, particularly for socially disadvantaged groups, by prohibiting management from the use of the statutorily outlawed criteria as the foundation for employment-related

decisions. The rights these enactments create are individual rights that exist as a matter of positive law. With very limited exceptions, these rights are held by all persons, regardless of their status in the workplace hierarchy. The American employment discrimination statutes, and the remedies that have been developed for their enforcement, and especially affirmative action programs, have had substantial influence on foreign legal systems. Germany, England, the European Union, Canada, and India are a few examples of jurisdictions where the American model has been used as a pattern for lawmaking.

Judicially developed restrictions on unfair discharge represent a second significant source of contemporary American employment law. These restrictions began to be developed by the courts during the late 1970's and early 1980's. These developments were conscious reactions to two phenomena: the decline of unions and the practice of collective bargaining in the United States, and the growing instability in employment relationships, particularly among long-term, relatively well compensated managerial employees. Like the employment discrimination statutes, the remedies these judicially developed doctrines provide are chiefly litigation driven. Once more, their goal is not to provide employees with an opportunity to engage in the employment ordering process, but to prevent employment termination for arbitrary reasons. The protections they afford individuals against discharge are nowhere near as generous as those available under German law. In short, the U.S. remains a "hire and fire" society, with opportunities to dispute the discharge, if one has the access to legal help, and the ability to endure the arduous litigation process. Capital mobility, and not employment stability, represents an attitude that stamps the character of American employment law generally.

III. THE SIGNIFICANCE OF LABOR AND EMPLOYMENT LAW

For the "health" of a political community — as expressed in the free and responsible participation of all citizens in public affairs, in the rule of the law and in respect for the promotion of human rights — is the necessary condition and sure guarantee of the development of the "whole individual and of all people". [*Sollicitudo rei socialis*, ¶ 44]

The significance of the employment order for the authentic development and unfolding of our personhood lies at the heart of the entire social tradition. From the first, the social encyclicals have reiterated, illuminated, and explicated this crucial theme in a variety of ways, in light of "the signs of the times". Developing and responding to the implications

of this insight constituted the life's work of such luminaries as Kettler, Weiss, de Mun, Nell-Breuning, Manning, and Dorothy Day, to name but a few. Consequently, an extended discussion of this theme is neither necessary nor appropriate. Instead, it may be useful to select from this rich and nuanced body of teachings a few points that bear particular emphasis in the present economic and social context.

A distinct set of insights into the anthropology of the human person orients and conditions the social teachings. One of the key understandings is the fact that humans are self-constituting beings. As such, we make ourselves to be what we are through the activities in which we habitually engage. Consequently, as Aristotle, Aquinas, and Augustine (among others) were at pains to remind us, it is the seemingly insignificant routines and actions of daily life that make all the difference. For it is through them that we literally are forming ourselves as individuals and as a society.

It is precisely its impact on the everyday, the concrete, and the particular that marks the real significance of the order governing the employment relationship. This law touches individuals more directly and frequently than virtually any other aspect of a public or private ordering regime. This has been true at least since the time of the industrial revolution. But presently, it is true for far more people, and a far greater proportion of the world's populace. For better or for worse, men and women are tied to the market and to paid employment in a way never before seen. The world-wide increase in labor force participation, particularly among women, is one of the most striking social developments of the past forty years.

A few statistics help to illustrate this point. In the United States, for example, about 93 percent of adult males participate in the labor force, a figure that has remained roughly constant for several decades. Since 1950, however, women's workforce participation has risen by more than 200 percent. Nearly three-quarters of all women aged 25 to 54 are employed, the overwhelming proportion of them full-time (*i.e.*, working 35 or more hours per week). Not surprisingly, the great majority of mothers presently are also active (and mostly full-time) workforce participants. Working hours for women have been increasing steadily during the past 20 years. Additionally, one major study shows that after years of gradual decline, the normal American workweek has increased to the point where the average employee works the equivalent of an additional month more than was worked in 1970. Indeed, record numbers of Americans now work at two or more jobs.

In short, working for pay now occupies more of the time of more people in industrialized nations than ever. The job has become a central

part of most adults' lives, and being employed or seeking employment is the way people spend the lion's share of their waking hours. Simply put, the employment order involves far more than simply wage rates, power relationships, "competitiveness", productivity, or workplace voice. It quite literally involves the constitution of human beings.

The preoccupation of the Church and the social teachings with such apparently mundane and unfashionable institutions like unions and employment law may seem surprising, even nostalgic. Whether and how people participate in decisions about the criteria for promotions, job training, health benefits, the dismissal of a fellow employee or the best way to handle a novel or sensitive employment-relations question can appear trivial. But, it is a tremendous error to regard such matters as being unworthy of serious attention. Individuals and societies alike become and remain self-governing only by repeatedly and regularly engaging in acts of self-government. It is the habit that sustains the condition. This point represents part of the significance of collective bargaining as an institution. By affording individuals with the means to participate in administering the order of the employment relationship, collective bargaining can instill and strengthen the habits of direct responsibility and authentic self-rule.

In short, the real worth of unions lies in the contributions they can make in assisting the full development of human personality, the proper unfolding of which can only be determined through a set of values that truly are intelligible. To consider how we are to live together, in concrete, daily situations, forces us to ask what it truly means to be a person. The institutions that support this sort of workplace self-determination, and that provide employment protections generally, are coming under increasing stress. A brief outline of these problems is appropriate here.

IV. THE CURRENT STATUS OF LABOR LAW AND LABOR RELATIONS SYSTEMS

[T]he highly developed social life, which once flourished in a variety of prosperous and interdependent institutions, has been damaged and all but ruined, leaving virtually only individuals ... [*Quadragesimo anno*, ¶ 78]

Since the onset of modernity, the farseeing amongst us have warned about the spread of a particular sort of individualism that would erode the mediating bodies that constitute civil society. Nevertheless, Tocqueville believed that the family would be the one institution that could survive modernity's atomizing force, while Durkheim thought that the employment relationship would provide people with the stable bonds to others that the

disappearing institutions of social life once had supplied. Neither has proved to be the case. A quick glance over the social and work-life landscape reveals the following:

1) Membership in autonomous employee organizations is declining nearly everywhere. For example, union membership in the private sector in France presently stands at 5-6 percent, a figure that one noted French labor scholar describes as a "critical threshold". Similarly, union density in the U.S. has declined from a level of about 35 percent in 1960 to less than 11.5 percent today; some experts expect this rate to fall to 7 percent by the end of the decade. Between 1975 and 1993, Japanese union density rates declined by over 10 percent (to 24.2 percent), a trend that is continuing. Although it is the home of the world's largest trade union, and despite the centrality of collective bargaining to its labor relations system, German unions also have experienced substantial membership losses.

2) In the U.S. at least, union decline is part of the generalized decline of all the mediating groups in society. In fact, union decline has been something of a leading indicator for the decline of mediating bodies in the U.S. as a whole. The fact that union decline has occurred at roughly the same time that families, churches, fraternal and service groups, grass-roots political clubs and similar mediating institutions began to deteriorate should come as no surprise. No single mediating structure is likely to flourish in the absence of others. All require and can engrain the same sorts of habits: decision, commitment, self-rule, and direct responsibility. No single institution alone can inculcate or restore these habits. The existence and decline of all these bodies is mutually conditioning. The collapse or deformation of any one of them threatens the rest.

3) The employment relationship is changing and in many cases is much less a "relationship" than formerly:

a) In the U.S., so-called contingent employment arrangements (part-time, temporary and limited-term contractual arrangements) are on the rise. One well-known observer of labor market trends characterized these arrangements as "just-in-time" employment. As American businesses seek to become more competitive, she predicted, "all employment relationships are going to become more fluid". Many commentators forecast that businesses increasingly will have only a "core group" of long-term employees, supplemented as needed by contingent workers.

b) Likewise, employment leasing arrangements also are becoming increasingly popular. Under these arrangements, an employer contracts with a third-party to supply its employee complement. These arrangements pose

challenges to collective bargaining and related employee representation and participation systems.

c) "Self-employment" is also a rising phenomenon, at least in the U.S. Lawrence Mishel and Jared Bernstein¹⁹ state that "Much self-employment is disguised underemployment, as can be seen from the fact that self-employed workers earn far less than those on regular payrolls". According to the authors, the self-employed have more education than their wage-earning counterparts. Nevertheless, self-employed women earn only 63 percent as much as salaried women. The income differences between self-employed and salaried men are negligible. However, the educational gap between the two groups of men is greater than between self-employed and salaried women. The self-employed also typically have fewer benefits.

4) The workplace itself is increasingly less one "place". So-called "telecommuter" arrangements are on the rise, both in the U.S. and in Germany. For example, in 1989, ten percent of the Chicago area employees of A.T. & T. were working at locations other than company facilities, many of them at home. The term "virtual workplace" describes what many believe will typify the new work-world, which will be accompanied by an increasing isolation from one's co-workers.

5) The newly emerging patterns of work organization mean that it will be increasingly difficult to distinguish between "employees" and non-employee "independent contractors", who are owed no benefits and to whom no expectations of continuing work-relationships are created.

6) It is also becoming increasingly common for the employees of several businesses to work together at one workplace; thus, some employees simply do not work at a site owned or controlled by their own employer. In Germany, for example, such arrangements have put the works council system under great stress.

7) Job stability is a major preoccupation everywhere. For those with jobs, however, pay instability may also be a matter of increasing concern. So-called variable pay plans, which tie pay to continuous profit or productivity improvements, are becoming increasingly popular with management.

8) In light of the changes in employment, one German scholar has described German labor law as "a tanker in the fog". If so, the various

¹⁹ *The State of Working America*, 1994-95 (M.E. Sharpe 1994).

aspects of American labor and employment law appear more like a disorganized squadron of boats, several of which have struck shoals. As the practice of collective bargaining has declined in the U.S., there has been a corresponding increase in the piecemeal and ad hoc regulation of employment through the states and Congress. A blue-ribbon Presidential commission on the future of U.S. labor relations has urged that non-litigation based models be used to handle employment disputes. Similarly, a U.S. federal court system report has recommended that all non-civil rights employment matters be removed from federal court jurisdiction.

Of course, not all aspects of the above-described developments are undesirable. Telecommuting and flexible working hours may permit employees more freedom to determine their own working conditions. They also may afford women with young children more opportunities for participation in the workforce. Flexible employment arrangements and pay plans also may give skilled and so-called "knowledge" workers greater ability to select the sorts of projects and tasks they wish to work on, and to earn considerably more. New patterns of work organization have done away with multiple levels of supervision, thereby giving some employees more ability to determine for themselves how to perform their work, and a greater range of tasks to perform. For the skilled and well-educated, such changes may be liberating. One pressing question is how equitably these chances for greater self-determination will be distributed.

V. CONCLUDING OBSERVATIONS

Toward the end of the last century the Church found herself facing an historical process which had already been taking place for some time, but which was by then reaching a critical point ... A traditional society was passing away and another was beginning to be formed — one which brought the hope of new freedoms but also the threat of new forms of injustice and servitude. [*Centesimus annus*, ¶ 4]

A decade ago, Czeslaw Milosz observed that "contrary to the prediction of Marx, this is the central problem of the twentieth century. Instead of the withering away of the state, the state, like a cancer, has eaten up the substance of society". No doubt exists about the corrosive impact of the state on the institutions of civil society. Nevertheless, markets appear increasingly to be consuming the ordering capacity of the state, and to have outstripped its power of initiative. This does not mean, *pace* Marx, that we are being carried helplessly along by the tides of some ineluctable historical or natural force that lies beyond our control. It does mean that old patterns of ordering are breaking down, and that new patterns are seeking to emerge.

What emerges is not simply a matter of blind chance. Humans are free, reasonable, and responsible beings. As such, we play a constitutive role in history. The legal, social and economic orders that condition our lives are the products of human choice and reflect series of judgments that certain ways of being are preferable to others. Each of our choices, as individuals and as societies alike, shifts probabilities. By making choices and acting on them, we bring situations into being that did not have to exist. At the same time, those choices establish conditions that make certain consequences more or less likely. In short, as St. Paul teaches, the fact that we are free means that we bear the awesome responsibility of working out our salvation "in fear and trembling". We co-operate as active agents in the completion of history.

All of this may sound rather removed from labor and employment law. It is not. As Cardinal Newman pointed out over a century ago, economics embodies a set of claims about the character of our personhood. As such, it represents a moral system, a point that was very clear to Adam Smith, who grounded his economic writings on his extensive work in moral theory. Hence, as Smith observed, there is a reflexive relationship between market arrangements and liberal social institutions. The purpose of free-markets is to promote individual self-determination and material well-being, thereby supporting the conditions for self-rule.

Authentic freedom and self-rule require a background. Modern capitalism however has a strong tendency to overwhelm and eventually to dissolve the discrete, local, and particular institutions — which Edmund Burke called the "little platoons" of social life — that provide this background. These grass-roots institutions are the places where the habits of self-rule are practiced and learned. Regrettably or otherwise, there is no invisible hand that guarantees their existence, nor that automatically checks the centripetal forces that modern markets exert.

The future contours of labor and employment law are unclear. Increasingly, however, the trend has been the cabining and dissolution of opportunities for working men and women actively to participate in the promulgation and administration of the order that most directly affects their day-to-day conditions. Briefly stated, working people at nearly all levels of the economy are becoming the objects of administration rather than active and self-determining agents. Such conditions are in the most serious sense inhuman.

One thing is certain. Institutional orders inconsistent with our human character will not survive. Consequently, the most pressing question of our time is whether, and to what degree, the prevailing notions of our personhood are accurate. Everything turns on our answers to this query. The emergence of new patterns of ordering provides the perfect opportunity to revisit this question, in light of the Church's tradition.

Discussion of Prof. T. Kohler's paper

MALINVAUD

J'ai beaucoup appris à lire votre très intéressant rapport, en particulier quant aux différences entre nations dans l'histoire du droit du travail. Mais je me suis interrogé sur les observations qui se trouvent aux deux dernières pages.

Si je vous ai bien compris, vous percevez que l'ordonnancement ancien, entre pouvoir d'initiative individuelle et réglementation étatique, a été bousculé et ne peut plus être restauré tel quel. Il faut donc, selon vous, imaginer un nouvel ordonnancement. Vous avez des mots forts pour exprimer votre thèse: "Les gens au travail, à presque tous les niveaux de l'économie, deviennent les objets d'une administration plutôt que des agents actifs s'autodéterminant. De telles conditions sont inhumaines au sens le plus sérieux". Elles ne survivront donc pas.

Après des phrases aussi fortes, vous ne vous étonnerez pas que nous vous demandions de vous exprimer un peu plus. Quelles pistes envisagez-vous pour la définition d'un ordonnancement plus humain? Serait-ce implicitement, vous incitez notre académie à se préoccuper du diagnostic à porter sur la situation qui de fait règle les conditions du travail actuellement. Comment recommandez-vous que nous abordions ce diagnostic?

KOHLE

In some ways, the subsidiarity principle provides real guidance for how we might think about concretely restructuring the trends that I see as being dangerously destructive. Subsidiarity has enormous potential, and there is a great and growing interest in it today. The problem with subsidiarity at the moment is that many people regard it as an indeterminately vague principle. For example, Lord Wetterburn, a well-known English legal and labour law scholar, described the subsidiarity principle as feline in its inscrutability. Building out more concretely what subsidiarity might mean, and how it might actually be realized, is becoming a pressing need.

The key is to recognize the subsidiarity principle as a methodological principle. It is not a recipe, or a set procedure intended to produce a predetermined result. Instead, subsidiarity represents a heuristic device. Accordingly, it sets the conditions for creative discovery and adaptation as

opposed to planning for a predetermined outcome. In this way, subsidiarity draws on the approaches of Aristotle and Aquinas, who as thinkers distinguish themselves from everyone else because they employed an approach that provided a method for working on problems, but which avoided any attempts at prescribing comprehensive but abstract "solutions", which necessarily prescind from concrete situations and conditions. Both put an emphasis on the procedures by which one knows, not on the content of what can be known.

I think that such a methodological approach would have to be employed by the Academy which will not be in the position to provide the world with a sweeping recipe for the complete ordering of all economic and social relations, but which may ground its advice on the anthropology of the human person. As for concrete applications, let me take two examples: first, we in the United States say continually that we want and need flexibility. Interestingly, both American and German scholars understand their collective bargaining systems as concrete applications of the subsidiarity principle. The collective bargaining process does put into the hands of the actual actors the ability to determine what sort of order makes sense for them, in their concrete circumstances; it requires them to deal with the outcomes of their choices. In the United States, part of the rigidification of labour relations came about from the courts, who just couldn't keep their hands off this supposedly autonomous process — the judges just had to "help". Moreover, subsidiarity can assist people to develop other visions for schemes of ordering. Second, there is a terrific tendency today to see choices in terms of Weber's "iron cage", where the state or the market represent the sole ordering alternative. This is deeply problematic, and the shortcomings of this approach now are very clear. Subsidiarity provides — I won't use the term "a third way", because I think it's inaccurate — but provides a new set of questions for a new way of thinking.

As Bernard Lonergan pointed-out, questions are the normative thing; if one has a good question, one has the start to an appropriate solution, toward a new understanding. There is a normativity inherent to the process of raising and answering questions. Raising the right question, I think, is much more important than trying to work out and impose a global, "one-size fits all" solution. I hope that responds to the question.

ARROW

Professor Kohler's paper puts very well the nature of the social institutions of the labour market. There are at least two aspects of these institutions: the primary one is the relation between workers and employers, and then there are all the institutions that surround that relation. In your last

pages, you discuss, disapprovingly, the dissolution of the worker's autonomy by the market, the "wiping out of the little platoons of social life". This is a very old theme; Marx and Engels in *The Communist Manifesto* ...

KOHLER

Actually, that term is Edmund Burke's, it's a very old theme ...

ARROW

Burke precedes Marx. Carlyle was talking about the same, and Engels was a great admirer of Carlyle. They all saw the market as destructive of social relationships. Yet in fact labour unions arose in this apparently unfavorable environment.

One of the problems today is the degree of freedom of the employer. A claim is made that in a competitive environment the employer has essentially no discretion. Do you think this view is a correct diagnosis or is it unduly restrictive?

KOHLER

I see that as part of the diagnosis. I am not sure that it is unduly restrictive. When I talked about workers being objects of administration, I meant that more and more people are simply accepting the terms that are available to them. They do not, in any serious sense, participate in determining the character of the order in which they live their day-to-day lives. Quite often, as you say, managers find choices effectively available to them very restricted, and they are unable to do much either. General Motors, for example, was known as a very good employer, and it felt that it had a social obligation in the small towns in which it had plants. During the early '80s they got clobbered for being good employers. So, in some ways their hands were tied. We as humans are being pressed more and more, in part because the whole idea of humans as free, reasonable and responsible beings is harder and harder to express. The situation is not one in which, if we could tinker just a bit with our social structure, we would have all the problems fixed. We now have to think in a much more, if I can use the term, radical fashion. In particular, a lot of things about markets make tremendous sense. Problems, however, never go away. For example, for Aristotle, the institutions of private property and markets were matters of prudence; but, prudence always tempers the range and extent of these institutions. What sorts of things should market transactions govern? What sort of arrangements do we want to have, and how would they lead to human flourishing?

I fear that we have given up on the question of what sorts of arrangements we want to have; in a way we have simply abandoned these important questions. If so, we abandon our responsibilities as human beings, and we strongly tend to put the people who are the weakest at greatest risk. Many people cannot effectively make determinations about how they are going to live. Such a position is not consistent with their status as humans. The most truly human of activities are understanding, reflecting and choosing.

SCHOONYANS

M. Kohler a apporté une dimension profondément humaine à l'approche des problèmes que nous étudions. Après nous avoir expliqué que le système économique dominant est celui du Siècle des Lumières, il a montré que le marché risque de détruire certaines institutions. C'est sur ce dernier point que je désire intervenir.

La première question est celle-ci: quelles sont les menaces qui pèsent actuellement sur les nations? J'ai l'impression que parmi les institutions évoquées, il y en a qui font peser de réelles menaces sur la *souveraineté* des nations. Des interventions de plusieurs collègues, il ressort que le marché conçu comme de plus en plus globalisé, risque d'éroder la souveraineté des nations. N'y aurait-il pas lieu de distinguer, mieux que nous ne le faisons habituellement, entre internationalisation d'une part, globalisation et/ou mondialisation de l'autre?

Je voudrais soulever une seconde question concernant la famille. Dans l'économie traditionnelle, la contribution des femmes, des mères, à l'activité économique est considérable. Aujourd'hui même, on constate que beaucoup de femmes ne peuvent exercer un métier que parce qu'elles bénéficient du support de la grand-mère qui s'occupe régulièrement ou occasionnellement des enfants.

Or, toutes ces activités maternelles et, plus généralement toutes ces activités de la femme au foyer, ne sont pas reprises dans la comptabilité du marché ni dans celle des nations. N'y aurait-il donc pas lieu d'envisager de sauver, en les modernisant, certains comportements, courants dans l'économie traditionnelle, qui ménageait une place importante aux *relations interpersonnelles*?

Mme Archer, résumant le papier de M. Betancour, a évoqué les expériences de *recupero* à Medellín. A Salvador de Bahia, j'ai un ami qui, après avoir ramassé de vieilles machines, a institué une école de couture et de dactylographie qui marche très bien. Cette école ne coûte rien à la société, mais fournit à celle-ci des couturières et des dactylos de bon niveau. Dès lors, ne serait-il pas opportun d'inclure dans nos réflexions une

étude sur des projets d'*économie solidaire* qu'on essaie de relancer actuellement?

Je me demande aussi, avec M. Rémond, si d'importants "gisements d'emplois" ne pourraient pas être exploités. Je partirai d'un exemple concret. Je m'occupe d'un home pour personnes âgées. Beaucoup viennent y mourir dans l'abandon. Bien des enfants ne s'occupent plus de leurs vieux parents, surtout quand ceux-ci sont dans des conditions physiques précaires. On a toutes les peines du monde pour trouver des soignants et même des visiteurs. On observe la même chose ailleurs: qui veut s'occuper des drogués? Qui veut s'occuper des handicapés? Qui veut s'occuper même des enfants? etc. Il y a là toutes sortes de possibilités qui s'ouvrent et qui pourraient également contribuer à une revalorisation du rôle de la femme dans la famille et dans la société.

Actuellement, une importante majorité des femmes seraient disposées à rester chez elles et à s'occuper de leur famille — de leurs enfants, de leurs parents — si elles n'étaient pas "forcées" de travailler pour des raisons économiques. Dans la pratique, cela signifie que beaucoup de femmes d'aujourd'hui n'ont *pas une véritable liberté de choix*. Elles ne peuvent pas concilier leur juste aspiration à être épouses et mères avec la non moins juste aspiration à une réalisation professionnelle. Nous-mêmes, dans le cadre de notre Académie, ne pourrions-nous pas prendre en compte ce problème central? Il concerne, non pas la moitié de l'humanité, mais toute l'humanité, puisque du bonheur de la femme et de l'épouse dépend le bonheur des familles, et donc le bonheur de la société.

En résumé, mon intervention porte essentiellement sur deux points: tout d'abord la *souveraineté de la nation*, et d'autre part la *famille*, et plus particulièrement le *statut de la mère* dans la famille et dans la société.

KOHLER

Regarding the first question, it is undoubtedly true that nations are surrendering their sovereignty. To some extent, this is being done through intentional surrenders. The European Union calls on the European Court of Justice to make decisions that are supranational, and that bind the courts and legislatures of the member states. The North American Free Trade Agreement transferred a number of decisions from national sovereignties to an unreviewable body of experts who, amongst other things, will determine certain tax questions and certain labour relations questions. The affected topics will no longer be matters of national sovereignty.

There is another way that sovereignty is being lost; governments have lost the initiative to make decisions, as Professor Tietmeyer was talking

about briefly this morning. Germany, for example, has a particular labour relations system, which in many ways it would like to keep, but the future of this system doesn't appear to me, at least, to be bright, given the fact that it is going to be very hard to sustain it in light of international competition, which calls for more flexibility.

Let me refer again to Aquinas' idea, which is picked up by Burke when he writes that it is in the "little platoons" where one learns to love others, to cooperate with others, to have solidarity with others and which build, from the local level out to a love, as he put it, of all mankind. That might represent a certain form of internationalization, of thinking about others that is not exclusive, that is not seen only in the self-referential terms of "what I can get out of it?".

As to your question about the family, we must keep in mind that women who stay at home today face what I might call the three D's. Women with careers face the danger of losing their place in the fast track in professions. So, the first danger, the first D, if you will, is the death of the career. The second one is danger of divorce (in the United States the divorce rate is, all told, something around 50%, and the feminization of poverty is largely tied to the divorce rate). The third danger is denigration; by stepping out of one's career for some time, or if one works only part-time, one is not regarded as being truly serious about one's work or profession. Perhaps we need to think completely differently about family and about the whole role of women. We certainly don't want to restrict women to the home, and away from the contributions they make in all spheres of human activities. But how men and women can balance the demands of family and career, needs more serious attention.

You talked about taking care of the aged, and whether this might lead to new forms of employment. It certainly has in the United States. But, unfortunately, this often has led to very low-prestige jobs which have minimum wage. Father Utz talked yesterday about what I might call the death of self-sacrificing love. For example, in the United States, the vast network of Catholic institutions, such as schools, hospitals, and the like, all existed and operated on the basis of self-sacrificing love of nuns, who took on enormous responsibilities, who ran these institutions. But now that sort of life where you do tremendous things for little or no pay, just doesn't make sense to us anymore.

How to produce solidarity in the economy, goes back, I believe, to the question of knowing what human beings are. As we typically understand any sort of relationship, it is always in terms of monadic, otherwise unasociated individuals, who come together, in a sort of alliance, to achieve some limited end. For example, marriage was described by the United

States Supreme Court in a recent decision, as a "personal affiliation" from which the parties gain the ability to define their personal identities. There seems little idea that marriage could involve others. Thus, the Court states, the decision whether to start or to remain in the marriage was wholly private. This is a very strange way of describing something that frequently involves not only minor children, but everybody in society.

We need a new way of thinking about the meaning of solidarity. Solidarity doesn't mean, as some unions suggest, that individuals band together simply as an interest group. But we don't have today an adequate language to speak about it. So perhaps again, to refer to the President's question: what can this Academy concretely do? Perhaps describe and discuss our personhood and our relations to others in a new language, and inject this new language into the culture; introduce new ways of thinking into the culture; get people speaking, and thus thinking in a different way.

MARTIN

In your presentation you draw attention to the fact that, traditionally, Catholic social teaching has given great support to workers' associations. At the same time, you point out that these associations are today in crisis almost to the point of being endangered species. What, from your experience and from your discipline, should the social teaching and the social activity of the Church be saying today to the workers' associations, so that they can be more relevant to the people they represent, and can be more effective in the actual economic and social climate in which they are working?

KOHLER

Great question: I have first to say that everything written by this Pope about unions is extremely powerful and extremely effective. Perhaps we should simply make the Catholic social teaching better known to people.

We should also reflect on the following fact. Whereas unions used to be one of the most argued about topics, today liberals and conservatives agree: there would be no purpose to unions. Liberals see them, like all mediating institutions, largely as a threat to individual freedom. Conservatives, again, using the term very loosely, tend to see unions simply as economic institutions that shift resources. The other things that they do, that are so well described, particularly in the encyclicals of John Paul II, simply aren't thought about. Perhaps concretely we need more description of what unions do to ground other sorts of mediating institutions; the contribution they can make to grounding the habits that support those

institutions should be emphasized. At the same time, unions represent one sort of human institution that we need to think more seriously about.

And once again this should lead us to re-form the language in which we typically operate. The language of individualism is everywhere. Hans-Georg Gadamer framed some of what I am speaking about in terms of what he calls the nominalist prejudgement and he points out how deeply it influences the way we think. That is part of the challenge today.

IV.

THE CULTURE OF WORK

EMPLOYMENT AND THE QUALITY OF HUMAN RELATIONSHIPS AT WORK: THE WORKING EXPRESSION OF CHRISTIAN VALUES

BEDRICH VYMETALÍK

I. HUMAN LABOUR IN THE LIGHT OF CATHOLIC SOCIAL TEACHING

The Social Teaching of the Church stresses the meaning, value and dignity of human labour. It considers it to be the basic dimension of the earthly existence of man.¹ God created man in his image and ordered him to govern the Earth. It is precisely through his labour that Man participates in this process and realises himself as a man at the same time.² The purpose and aim of all labour, even the dullest, is, therefore, man.³

Social teaching, therefore, refuses to regard labour as a commodity. It refuses to treat man as a kind of manufacturing tool. It requires man to be treated as an originator, creator and goal of the whole production process.⁴ Even objects described as capital — the means of production in its entirety — are the fruit of human labour. Man has priority in the production process.⁵ Therefore, labour must have *priority over capital*,⁶ which, however, is a pre-requisite for human labour. *It is not possible to separate capital from labour*, nor to place capital and labour in opposition to each other.

A labour system can only be moral when it fundamentally overcomes the contradiction between labour and capital and its structure embodies the principle of labour's priority and its efficient participation in the production

¹ See *Laborem exercens* article 4.

² *Ibid.*, article 7.

³ *Ibid.*, article 6.

⁴ *Ibid.*, article 7.

⁵ *Ibid.*, article 12.

⁶ *Ibid.*

process.⁷ The right to work, the demand for a fair wage and the necessity of a solution to unemployment are therefore stressed, but an especial importance is attributed to solutions which enable employees to have joint ownership of the means of production in the form of their participation in management, profit, or property sharing.⁸ In this connection Oswald v. Nell-Breuning remarked that these are not four solutions to separate problems, but one solution to the three versions of it.

Pope John Paul II explains:

“If man works and uses a means of production in its integrity at his work, he also wishes the fruits of his work to serve himself and others as well as he wishes himself to appear in the working process as a responsible and co-creator of the subject he is working on”.¹⁰

Again he reminds us in the encyclical *Centesimus annus*:

“An enterprise cannot be regarded exclusively as ‘a capital society’. It is at the same time ‘a human society’ where those who bring the capital necessary for its activities as well as those who participate in it with their work contribute to it in different ways and with specific responsibilities”.¹¹

He then calls for development of a “true culture of labour”, which would enable to workers “full human participation in work enterprises”.¹² Such a culture of labour must be understood comprehensively in all of its four dimensions — personal, economic, social and spiritual. Only in the case of a comprehensive approach can we speak about a real culture of labour or a democratic culture of labour.

From the point of view of *the quality of human relationships at work* as well as from the point of view of a practical assertion of a culture of labour in the present world, the following three main principles are probably becoming the highest priorities:

- stressing the value of human labour and the dignity of man
- emphasising the priority of labour over capital
- the need for the collaboration of capital and labour and the possibility of labour’s ownership of capital.

⁷ *Laborem exercens*, article 13.

⁸ *Ibid.*, article 14.

⁹ Oswald v. Nell-Breuning, “Arbeit vor Kapital Kommenlar zur Enzyklika *Laborem exercens* von Johannes Paul II”, *Europaverlag*, 1983, p. 41.

¹⁰ *Laborem exercens*, article 15.

¹¹ *Centesimus annus*, article 43.

¹² *Ibid.*, article 15.

All three principles meet with considerable scepticism. They are often considered to be mere ethical proclamations, which it would be hard to realise in the present world. In the post-communist countries, there is even the view expressed that these principles represent a return to communist ideology. It is therefore necessary to answer the following questions.

- Do these principles accord with the needs of the present society?
- Will they accord with them in the future?
- Are there any examples of these principles having been implemented in practice?

These are not theoretical questions, but very practical ones. Satisfactory replies to them would provide the incentive for the concrete implementation of the Social Teaching of the Church in the present world. They are of key importance in post-communist countries, where perplexity persists about whether the past totalitarian regimes will be replaced by unscrupulous liberal societies and where the search for a more ethical way of organising the society is slowly growing. The social teachings of the Church can still play an important role here — if they did not do so immediately after the fall of communism — and, of course, if they raise sufficient interest and acquire sufficient support.

II. CAPITAL AND LABOUR UNDER SOCIALISM

The communist regime celebrated labour as the “mother of progress” and proclaimed vociferously that factories belonged to the workers. Inevitably, forty years of influence of this propaganda took root. Its consequence in people’s thinking after the recent collapse is logical: if communism gave such preference and importance to labour and yet it led society to collapse at the same time, it is obvious that such an approach cannot be useful. If the rich western countries live at an incomparably higher living standard under the rule of capitalism, it is then necessary to subordinate labour to capital, otherwise the society will fail again. Therefore, to search for new untried models is pointless. If the factories belonged to the workers and if this led to nation-wide inefficiency, it is not possible in future to advocate some kind of co-ownership of employees again. Its consequences could only be new losses and poverty. Finally, if giving preference to labour did not bring economic success, then an alternative must be sought. Here capitalism seems obvious as it will ensure that the work done is the work needed. The main drive for a recovery of the economy is money, while labour is not seen as being decisive.

These ideas are supported by the press and by political propaganda.

They would be undoubtedly logical, had labour really been superior to capital under socialism and had the factories really been in the ownership of the workers. However, *nothing of the kind really happened under socialism*. Communist propaganda did not accord with reality. The fact that many people believed it and still keep on believing it is a sad proof of its efficiency.

Under socialism the factories never belonged to the workers. They were, on the contrary, totally expropriated by the state, in the form of the party apparatus which, as the effective owner, left their running to socialist managers. The party functionaries became company managers: the company managers were promoted to party posts. It is of no importance if this quasi-ownership is nowadays described as "positional property" (D. Stark), a system of "ownership entitlements" sanctioned by political power (J. Wiseman) or "de-facto" ownership (O.E. Willismond).¹³ The overriding fact is that *the communist regime did not tolerate any kind of co-ownership with the employees*. It even considered such efforts as constituting a very dangerous path leading to the restoration of capitalism. Thus, in reality, labour had no priority over capital but was unconditionally subordinated to capital — this time to the capital administered by the party bureaucracy. Owing to the fact that the party bureaucracy held the monopoly not only of economic but also of political power, it could totally subordinate and dominate the people.

The consequences are well known: little motivation at work, low productivity, transfer of activities from working hours to private leisure time (in the worker's own garden) and gradually to shadow economies and to irresponsible economic decision-making. In spite of the tremendous concentration of capital, the communist regime never had sufficient real capital. It was not able to produce it by an efficiently managed production process and to invest it wisely in the development of the economy.¹⁴

The economic failures of communist regimes are therefore precisely the result of a concentrated subordination of labour to capital and the total expropriation from employees in favour of state power. It can be concluded that the way out of these failures should, on the contrary, be based upon the priority of labour over capital; that it should enable self-realisation of people at work, and that it should search for ways of "de-expropriating"

¹³ For details see e.g. the article by the Czech economist Lubomir Mlcoch "Re-structuralisation of Ownership Relations Regarded through the Eyes of an Institutional Economist". *Pol Ekonomie*, No. 3/95.

¹⁴ For details see also Vymetalik-Hengsbach Hansen, *Costa ke k cloveku* ("The path to man"), Scriptum 1993, p. 23ff.

employees. It would be a pity to neglect this possibility, particularly in post-communist countries. Is it, however, a realistic and suitable way forward for industrially developed countries?

Does it make sense for developed countries, where it seems that economic growth has already led beyond poverty and where notions about the subordination of either labour or capital are unrealistic? Is it compatible with the changes that our present world is currently undergoing, some of which we remain unaware, but which nevertheless are significantly changing the face of our civilisation?

III. WORLD PROBLEMS REQUIRE NEW APPROACHES

Undoubtedly we live in an era of upheavals which influence practically all aspects of our lives. The world has changed beyond recognition in the last decade and it keeps changing. As the pastoral constitution *Gaudium et spes* of the Second Vatican Council rightly states:

"Human generations live nowadays in a new phase of history in which deep and quick changes gradually spread all over the world. They were induced by human inventiveness and creative efforts, but these changes affect them in feed-back, they influence human reasoning, individual and collective interests, ways of thinking and behaviour in relation to things as well as to people. We can therefore speak about a real social and cultural transformation which also reflects religious life".¹⁵

The character of these changes and their consequences are nowadays being analysed from very different points of view. Such evaluations are not very encouraging. The world summit on social development held in March 1995 under the auspices of the UN demonstrated some shocking facts. Some 1.3 billion people in the world live in poverty. Some 13-18 million people die annually due to causes related to their poverty. Poverty occurs increasingly in the least developed countries. The indebtedness of developing countries is some 1.4 trillion dollars, which is almost double the amount ten years ago. Repayment of these debts means a drain on capital from developing to developed countries. Some 120 million people — out of a world active population of approximately 2.8 billion people — are unemployed. Apart from this, approximately 700 million people could be classified as under-employed, i.e. people whose employment is in occasional, part-time or non-productive jobs. Unemployment in industrially

¹⁵ *Gaudium et spes*, 4.

developed countries is also running at unprecedented levels. It represents some 93 million of unemployed in Western Europe alone.¹⁶

The idea that scientific and technical progress will continuously ensure new jobs has collapsed. It is obviously not able to ensure this even in developed countries. The trust in the omnipotence of economic growth has been lost. If it continues at the same rate and in the present form, it will sooner or later bring about environmental destruction of our planet. The only alternative obviously consists in the joint action of all the constitutive forces: if everything is left to uncontrolled development, then no changes for the better can occur. American vice-president Al Gore justly calls for "a new Marshal plan" which would focus the energy of various countries upon a common effort to create a permanently sustainable society.¹⁷

Calls are being made for the establishment of supranational institutions to solve the problems which cannot be remedied within the framework of national or international action. It is already obvious that problems such as cash-flow control, environmental protection, repression of terrorism or armaments control, must be resolved on a world-wide scale.¹⁸

Professor Schasching's appeal, in the same vein, for a solution to labour problems is equally justified: "The only alternative consists in the union of constructive democratic forces. This requires a high degree of responsibility, expertise and experience. A consensus about the common aims is, however, equally necessary".¹⁹

The social teaching of the Catholic Church can help to build consensus about the common aim even among atheists and without any ideological pre-conditions. This would be a consensus which fully recognizes human dignity and the needs of labour and capital today. Current developments in developed countries confirm this and at the same time demonstrate the possibilities open to other countries. The relevant findings *show that for the success of the enterprise it is nowadays necessary to obtain the active interest and collaboration of workers* and that this is impossible without respecting their individuality and human value. Democratic culture today represents new possibilities.

¹⁶ Zdenek Drabes, "Hledá se strategie pro spravedlivejší svět" ("In search of strategy for more righteous worlds"), *Ekonom*, No. 9/95.

¹⁷ Gore, A., (1992) *Earth in the Balance: Forging a New Common Purpose*, (Czech translation "Zeme na misce vah"), London: Earthscan, p. 295ff.

¹⁸ Drucker, P.F., (1993) *Post-Capitalist Society*, (Czech translation "Postkapitalistická společnost"), Oxford: Butterworth-Heinemann, pp. 128-141.

¹⁹ Schasching SJ, Johannes, "Auf dem Weg zur Kultur der Arbeit", *Unser Dienst*, No. 1/95, p. 23.

1. *Necessity of new relationships at work*

The present world is characterised by the rapid growth of the rate of scientific and technical progress and by an increased call for the freedom of individuals. Significant qualitative changes, radical leaps, the entry of new generations of products and technologies and their numerous and continuous improvements are occurring in developed countries.

Because *knowledge is considered to be the basic source of economic wealth in developed economies*,²⁰ this not only increases the requirements in terms of the qualification and expertise of workers, but also it involves their individuality.

The work of qualified specialists cannot be managed by command methods any longer, for their special expertise cannot be efficiently controlled. It is necessary to create conditions in which they alone, without supervision, will apply maximal effort at work and fully use their qualifications for the benefit of the company. It is necessary to enable them to enjoy their work so that they are satisfied and seek further improvements on their own initiative. Such conditions are also congruent with demands for greater freedom and autonomy in the working process. People want more responsibility and self-realisation nowadays, to work without coercion; in short, they want more democracy in relation to work.

On the other hand, the inherited complexity of the division of labour and the defensiveness of labour organizations do not encourage the worker to concentrate on his/her own performance in the context of new technologies. Yet the success of the production process depends on the collaboration, the performance, and the ideas of those involved. It calls for new teams and co-operation where everyone should contribute knowledge and innovations.

A change in working conditions makes change necessary in the system of labour as well as in the management process. It induces the need for a partnership between responsible workers and responsive managers.

This need does not concern qualified specialists alone but relates to a broad spectrum of activities which have been transformed to incorporate the broad area of work in the service sector and less physically demanding work entailed in working with new techniques. Entrepreneurship these days is rather like a soccer match, with momentary changes affecting the field of play. Nothing can be predicted, because predictability involves a clear target, demarcation of the context and clear rules of the game, which serve

²⁰ Druckcer, P.F., (1969) *The Age of Discontinuity: Guidelines to our Changing Society*, (Czech translation "Věk discontinuit"), London: Heinemann, p. ix.

to define individual responsibilities. Now everyone must watch his co-players during the game as well as the process as a whole. The coach gives advice and encouragement, but he does not interfere during the game. This requires the engagement of the players' personalities, because they have to exercise their own discretion on the field of play.²¹

Therefore, it is not possible to achieve further growth in productivity without changes in management methods. This growth is necessary for success in world competition, for the alternative is stagnation and bankruptcy. After all, further growth in world population, without corresponding economic growth, would only mean a further deepening of famine and poverty.

Another question is whether this growth in productivity should be globally guided and oriented, especially in relation to the rapid creation and development of environmentally-friendly technologies and other measures which would help to reduce unemployment, whilst not increasing the menace to the environment itself. On the contrary, these would be focused on developing conditions which contribute to the creation of a permanently sustainable society.²²

The necessity of a growth in productivity affects both highly qualified specialists as well as workers in the service sector. In practically all his works, P.F. Drucker highlights the danger of the increasing gap between qualified specialists (knowledge workers) and other service workers, unless an appropriate growth in productivity is ensured in their case, too. He sees the way to avoid this as being to increase the responsibility of these workers, to up-grade their qualifications, and to ensure their greater participation as suppliers of external services in the partnership. Thus Drucker stresses: "In knowledge and service work, partnership with the responsible worker is the *only* way; nothing else will work at all".²³

2. Change of structure of workers

The changes described above are also related to well-known changes in the structure of the labour force. The number of industrial workers is decreasing, while industrial production is increasing. In the period 1980-1986, for example, employment in industry dropped together with a simultaneous increase in production in certain countries as follows:

²¹ Then, W., (1994) *Die Evolution in der Arbeitswelt*, Inno Vatio Verlag, p. 302.

²² Gore, A., (1992) *Earth in the Balance: Forging a New Common Purpose* (Czech translation "Zeme na misce vah"), London: Earthscan, p. 273.

²³ Drucker, P.F., (1993) *Managing for the Future: The 1990s and Beyond* (Czech translation "Cestou k zitrku"), Oxford: Butterworth-Heinemann, p. 91.

COUNTRY	INDUSTRIAL EMPLOYMENT	INDUSTRIAL PRODUCTION
USA	92	124
Germany	89	103
France	84	106
Sweden	88	116
Switzerland	95	105 ²⁴

At the same time there is a massive recession in some basic industries like steel making, ship building, textiles, coal mining and economic depression in the regions where these industries are situated. Some other industries are also suffering lesser decreases. The service sector on the contrary is expanding. In developed countries it represents more than two thirds of the labour force. A comparatively lower proportion of services persists in Germany, which in 1985 was only 53.6%.²⁵ This lower proportion is explained by the fact that approximately 40% of positions defined as falling within the industrial sector in fact belong to the service sector, albeit services provided inside the company. These are being recognised as such only after these services become separated from the companies.²⁶ It is also important to stress that many services, especially newly emerging services, have a direct or indirect relation with new technologies, i.e. they are "technology-driven". Hence the need for experts — specialists for working with new technologies — is rising in all the sectors. Qualified knowledge workers and service workers thus become the decisive social groups in developed countries.²⁷

Robert B. Reich, Professor at Harvard University and the Secretary of Labour in President Clinton's cabinet, even says that classical capitalists are now being replaced by "managers of the second generation", whom he calls symbolic analysts (SAN). They are people who work in the broadest sense with information in a creative manner and are able to resolve problems in a systematic way. According to Reich, three quarters of American workers could be divided into sub-groups of routine workers, service workers, and SAN. The rest are government employees, employees of regulated indus-

²⁴ Clarke, O. & Niland, J. eds., (1991) *Agenda for Change: An international analysis of industrial relations in transition*, Sydney: Allen & Unwin, p. 5.

²⁵ *Ibid.*, p. 66.

²⁶ Riesenhuber, H., (1994) "Neue Produkte - Neue Arbeit", in *Arbeit der Zukunft - Zukunft der Arbeit*, Stuttgart: Schiffer-Poeschel Verlag, p. 88.

²⁷ Drucker, P.F., (1993) *Post-Capitalist Society*, (Czech translation "Postkapitalistická společnost"), Oxford: Butterworth-Heinemann, p. 7.

tries, and some 5% are employed in agriculture and mining. Thus, the share of industrial workers decreases, the share of services workers remains stable, but the dependence of both categories on SAN increases. SAN have the majority of economic and political power. It is said that society could now become split into two great groups of unequal number, the first group being formed by SAN (approx. 20% of the population) and the second being formed by the remaining 80%.²⁸

The growth in the need for qualified specialists and also the growth in the service sector (with a simultaneous decrease in the share of the industrial sector) can now be considered characteristic of most developed countries.

3. The chance for a democratic culture of labour

The growth in the proportion of knowledge workers and service workers requires new methods for achieving their highest efficiency. It was possible to split manual labour in industry into optimal partial operations and thus to create conditions for higher efficiency. Even in this kind of work the activity and initiative of responsible workers made a contribution, but it is quite indispensable in the case of specialists and service workers. To obtain great efficiency from them entails winning their active interest which is impossible if the work does not satisfy them, motivate them or convey that they are respected as human beings. That is why new management methods are being sought, which would engender more interest and initiative among people. They bear a wide variety of names: "Total Quality Management", "Lean Management", "Human Sources Management", etc., all of which share a common core underneath their fashionable labels as has been affirmed by Dr. Wolfgang Riezele, member of the board of directors of BMW in Munich:

"The common core will remain: The idea of a hierarchical company organisation — where a powerful management orders an ordinary worker how, when and what to do — has been abandoned. Instead of this outlook, imagination, creative abilities and the engagement of every individual are required, mobilised and introduced into the creative process This means first of all that every collaborator must have the possibility to identify himself with the common goal of the company. This is the proper role of management: to define an acceptable and binding system which gives the workers motivation and sufficient space for their best possible contribution to the success of the company".²⁹

²⁸ Reich, R.B., (1995) *The World of Nations* (Czech translation "Dílo národu"), Prostor, p. 202.

²⁹ Reitzle, W., (1994) "Die neue Rolle der Arbeitgeber", in *Arbeit der Zukunft - Zukunft der Arbeit*, Stuttgart: Schiffer-Poeschel Verlag, pp. 212-3.

Such new management methods are not based primarily on human concern, but are driven by company interests in improved development, competitiveness, productivity and profit. However, it is becoming recognised that these goals cannot be attained in a developed society without the active engagement of workers by giving them more responsibility, more self-fulfilment and more autonomy in the working process. Superficial modifications are not sufficient anymore. "For the first time in the history of industrial nations the coming years will bring competition not only in prices, creativity and quality, but also competition in labour and company culture and the appreciation of man and his value in the world of labour"³⁰ (Werner Then, chairman of the German society for management and director of the Institute for innovations in the system of labour in Nürtingen). He adds that in this way the century presents the opportunity to realise the dignity of human labour in modern economics with a democratic culture.

In this context the social teaching of the Church becomes congruent, with its stress upon the dignity of labour, human dignity and freedom. For these tenets fully accord with conditions in contemporary industrial society and they can play a positive role in the area of labour. Social teaching does not represent something distant and abstract, because the dignity of man can be given priority in the system of employment in modern society, if the appropriate policies are adopted with conviction.

This dignity is not compromised by the fact that the work is still connected with strain, for that is to participate in a small way in the sufferings of Christ as stated in the encyclical *Laborem exercens* (article 27).

Precisely by drawing more upon human motivation, the new culture of labour reduces the use of constraint and makes it possible to transform external constraints into self-restraint. This change is undoubtedly very positive, although it is not easy, not always successful and is necessarily a long-term process.

³⁰ Then, W., (1993) *Der Mensch im Mittelpunkt*, Inno Vatio Verlag, contribution given at the 8th Freiburg discussions: Von Wandel und den neuen Erwartungen der Mitarbeiter im Konzern, p. 226.

IV. THE POSSIBILITIES OF A NEW CULTURE OF LABOUR

1. *Elements of a culture of labour in Human Resource Management (HRM) methods*

The methods of labour management in use today (under different names) cannot, however, be considered as embodying the social teaching of the Church without some further explanation. For example, the Human Resource Management (HRM) model contains a number of elements which correspond to the ideas of this teaching, or at least are not in contradiction with it, and rightly consider human sources to be the decisive factor in production, which must be "nurtured as a valued asset".³¹

However, if these methods treat people *only* as a source of productivity and profit (in spite of the proclamations to the contrary) and do not take into account their subjectivity and human dignity, they can then lead to increased exploitation, to the detriment of the workers and finally to the loss of the company as well. In this connection Ludek Rychetnik draws attention to the criticism of Keenoy (1990), according to whom "the normative humanistic rhetoric of HRM is a means for manipulating meaning and its primary purpose might be to provide a legitimate managerial ideology to facilitate an intensification of work".³² He also highlights other criticisms in the same vein (Garrahan and Stewart 1992, Sewell and Wilkinson 1992). According to Hart (1993) the HRM approach has ousted "the decent, caring and humanistic values of personnel management".³³

Nevertheless, there exist a number of positive examples of using HRM methods, which have improved the efficiency and activity of workers and at the same time have favourably influenced their position within the working process. The implementation of HRM methods in the Ford company in the USA and in some other American companies has attracted considerable attention.

It appears that a change of an approach to the human factor alone can bring about considerable changes in the corporate climate, even if it is introduced for purely entrepreneurial interests.

³¹ Storey, J. (ed), (1995) *Human Resource Management: A Critical Text*, London and New York: Routledge, p. 5.

³² Rychetnik, L., (1995) "The Management of Labour: The Way to an Economic Miracle?", Report for EA EPE Annual Conference, Krakow, October 1995, p. 7.

³³ Storey, J. (ed), (1995) *Human Resource Management: A Critical Text*, London and New York: Routledge, p. 23.

2. The experience of the Ford company

The Ford company encountered a lot of problems in 1980. Customers were not satisfied with the cars produced and the company's share of the market was decreasing. The Ford company suffered a loss of 5.1 billion dollars in that year, which was the second biggest loss in the history of US corporations.

In response three top managers of the company — Petersen, Page and Poling — initiated an evaluation of Japanese findings on the key elements for transformation, which they expressed as the three "P"s: People, Products and Profits. According to Petersen this represented a radical change in both the philosophy and culture of management. Prior to that employees were simply regarded as a means to profit, but now they themselves were accorded a key value. They issued a statement about the mission, values and guiding principles and prepared a letter to all the employees in which they stressed that company policy consisted in supporting and enabling all employees to participate in management and to contribute to the company's success.

Participation in management began by the formation of problem-solving groups and of quality circles. Subsequently, involvement was extended to include participation in other processes usually reserved for management, such as planning, goal setting, communication and decision-making. Finally, the forms of participation of employees in management were studied in 40 outstanding US companies, out of which 6 firms were selected: IBM, TRW, 3M, General Electric, Dana and Hewlett-Packard.

Ford concluded that these companies had ten things in common.

i) Each firm circulated a statement of corporate goals and values, and its executives spent 50 to 80 percent of their time outside of their offices, trying to communicate those ideas to their employees.

ii) All six emphasized the importance of people and respect for every individual. They agreed that the skills and quality of their staff were their only competitive advantage. Products or technology can be purchased, but usually do not advance the company's position for long.

iii) They substituted trust for strict rules and controls. When the task force met with Hewlett-Packard CEO, John Young, one of the first things he said was "We trust our people".

iv) Every firm insisted upon being customer-driven. IBM told the task force that there were very few ways an IBM employee could get fired, but one of them was keeping a customer waiting or letting a phone ring more than twice in a customer service centre.

v) All six used teamwork, particularly multi-departmental teams, to develop products and services at the cutting edge.

vi) They tried to eliminate levels of management and to play down authority. At one Dana plant there were only three levels; hourly workers, their bosses and the plant manager.

vii) The companies emphasised free, open, face-to-face communications. Hewlett-Packard called this "management by wandering about".

viii) Managers relied on peers and, occasionally, on subordinates to help evaluate other managers. Team players were promoted over individualists.

ix) All six offered sophisticated training for managers, as well as for hourly employees.

x) Managers of the corporations made a habit of asking their people, "What do you think?" (Petersen 1991).

In 1980 Ford started to use these new approaches in the development of a new car, Taurus-Sable, planned as the best car in its class. The company succeeded in effecting a substantial reduction in components and increased the professional involvement of the workforce. Quality then increased, with only 1% of the cars needing repair, in comparison with the previous rate of 10-15%. The car had Japanese quality and European style. Some 250 million dollars were saved in the development of the car and the period of development was shortened from 6 to 4 years.³⁴

3. Implementation of HRM in other companies

David Mercer, who spent 15 years in IBM, described its corporate philosophy as a partnership between the employees and the employer, based on mutual trust. The stress is put on full employment and security at work. Other principles comprise: respect for human dignity, emphasizing individuality, extended communication, support for individual development, participation in management, and the development of autonomous teams and cells, which are the building blocks of a newly emerging cellular organisation structure, which will probably predominate in the next century.³⁵

³⁴ Starkey, K. & McKinley, A., (1993) *Strategy and the Human Resource: Ford and the Search for Competitive Advantage*, Oxford: Blackwell Business.

³⁵ Mercer, D., (1987) *IBM: How the World's Most Successful Corporation is Managed*, London: Kogan Page.

John Storey lists 25 attributes which together characterise the HRM style. According to a survey carried out in 15 miscellaneous organisations, all of them applied at least one of these elements. The results were similar in a survey carried out later in Leicestershire in 560 firms with 15 or more employees. Furthermore, this produced the interesting finding that although it had been presumed that new management methods were characteristic of big companies, the results showed that a considerable portion of small and medium companies were also interested in implementing these methods.³⁶

4. *Examples of joint enterprises in Germany*

Human Resource Management and other similar methods do not solve (with a very few exceptions) the problems of integrating labour and capital. This integration can be achieved by employees sharing capital holdings in combination with their participation in management. In general financial participation alone is not very efficient either for the company or for the employees. Only if it is used comprehensively, together with participation in management and other well-tried elements of HRM methods, does it have positive results.

Companies in Germany, which attempted to make their employees not only partners, but even co-entrepreneurs, can be used as an example. Their methods are described by Paul Halbe, *Die neuen Unternehmen*,³⁷ which examines 12 German companies of various sizes and from different regions of the country. They included companies owned by individual entrepreneurs, joint stock companies, limited liability companies, as well as limited partnership companies. All of these companies gradually applied, in part or in full, the 7 basic principles of corporate relationships related to financial management. Those companies, however, which had applied all the 7 principles were the most successful in the market.

The principles are the following:

i) *Full knowledgeability* of workers about company activities, results and aims. The worker must have the feeling that management really considers him to be its partner; that it trusts him, that it does not hide anything from him and that it relies on his contribution. This includes full knowledgeability about capital flow, wages, dividends and royalties. It also involves the creation of trust and an enterprising atmosphere. Multi-faceted

³⁶ Storey, J. (ed), (1995) *Human Resource Management*, London and New York: Routledge.

³⁷ Halbe, P., (1991) *Die neuen Unternehmen: wie aus Mitarbeitern Mitunternehmer werden*, Freiburg: Rudolf Haufe Verlag.

information, communication and openness are the first pre-requisites for the conscious participation of employees in the company's activities.

ii) *Education and training.* If the developed world becomes a society of knowledge, it is necessary to impart the required knowledge to all the workers. It is needful to ensure a long-term growth in their professional standing, to appreciate their suggestions, to guide them to become interested in innovations, to inform them on the newest findings related to their fields, to teach them inter-personal relations.

iii) *Creation of conditions for the greater independence, responsibility and self-realisation of employees enabling their professional co-operation.* This comprises the use of well-proven HRM methods, the creation of autonomous production groups, the use of teamwork and decentralisation.

iv) *Time ownership.* A new culture of labour is not confined to employment, but encourages workers in other activities as well, including use of leisure time, fostering the creation of new communities and relations. The distribution of working time which best suits the individual performance of the worker is allowed, when feasible, and individual working hours, part-time work and flexible working hours are made possible.

v) *Motivation in remuneration.* Wages and bonuses still constitute the most basic security of the worker. However, certain other motivating components are recommended, such as profit-sharing and the so-called "investment salary", through which the worker would share in the company's productive capital.

vi) *Participation in management* in various forms. A broad range of decision-making is left to the employees. Organisation ceases to be managed structurally, but is oriented towards processes, people and customers. The employees should be drawn into the management process in such a way that they feel they are really participating.³⁸

vii) *Financial participation in the company's results and preferably a share in productive capital.* Forms of this vary, from the monthly sharing of profit to remuneration at the point of retirement, from the donation of capital shares to shares fully purchased by the employee.

³⁸ Werner Then, in his book *Die Evolution der Arbeitswelt*, highlights the idea of Martin Weizmann according to whom employees should not have a fixed salary but rather should have a share in the company's results. These shares would rise or decline in relation to the company's results. Individual work groups evaluate and divide among themselves according to their own working contribution. Quoted p. 344.

The form of financial participation often changes, for example, from monthly profit-sharing to stock-sharing or to a sleeping partnership. Some companies use an independent employees' company for capital-sharing. Such companies proved to be especially useful, as they provide an overview of involvement, control and utilisation of capital. The border between labour and capital is eroded as employees can partly attribute the economic growth of the company to their own money. In this case, capital emerges from its anonymity.

The companies described above also confirmed another important finding. Sharing and participation is most efficient in smaller entities, where people are not strangers. It was found that if the number of employees exceeded approximately 200, it was better to create smaller units. In any case the entity should not exceed 500 employees. A characteristic feature of these companies is the fact that they develop entrepreneurship amongst the workers. This is an important idea, which is supported by the social teaching of the Catholic Church and one which evidently brings benefits to companies themselves.

It is necessary, however, to stress that:

i) The companies described above did not represent a conscious implementation of the social teaching of the Church, with a few exceptions like the Hettlage company. Nevertheless, some other companies departed from purely business-like considerations and their approach apparently paid off. Brune Hettlage himself declared in 1984: "I do not regret for a single moment that I had invested 21 million DM in this idea".³⁹

ii) Policies of joint entrepreneurship do not automatically mean the success of the company: these measures support better human relations inside the company which have the possibility of increasing efficiency. However, management style is decisive, for a manipulative employer who introduces these methods only to get more productivity out of people, distorts these policies and may lose money in the process.

iii) The basic pre-requisite of successful implementation is the commitment of management in applying these principles. They cannot be implemented "from the bottom up", but come from management, be it an individual businessman or a team of executives. All companies are also "tailor made" according to the way in which managers interpret and implement these principles. Nevertheless, this indicates that within the frame of

³⁹ Halbe, P., (1991) *Die neuen Unternehmen: wie aus Mitarbeitern Mitunternehmer werden*, Freiburg: Rudolf Haufe Verlag, p. 58.

Christian ethical principles, it is possible to offer a broad palette of possibilities for choice and responsibility.

There are often objections raised against sharing and participation in companies: if these companies are so successful, why do they not expand much more than they did? Paul Halbe's answer is that entrepreneurs are held back by vested interests in their positions. They are afraid that it would not work unless they retained their managerial control. They do not want their workers to know their incomes and the incomes of the top managers, or to become acquainted with the company's financial situation. They do not want "to step out of their own shadows".

Another probable reason may be an entirely natural fear of change and uncertainty as such. Controlling a process of change is very demanding and requires special managerial "know-how". The larger companies hire specialist consultants for this purpose, while the small company usually cannot afford such an approach. That is why successful examples play such an important role as they can serve as guidelines. Implementation of a new culture of labour undoubtedly imposes considerable demands on management: courage, determination, purposefulness and concerted efforts.

Paul Halbe also describes how in the early eighties many entrepreneurs began to visit Eifelfort because it was rumoured that the Wolcraft company used employees' participation with great success. The company owner, Robert Wolff, gladly explained it and he did not hide the fact that he did it in order to make a higher profit. Many questions were asked in the discussion: What wages do you pay? How many partners do you have? What do your employees do with their money? And many objections were raised: You are the founder, it is easy for you, You are successful if the company grows. If you are doing it for greater profit, you are a sophisticated exploiter. You risk the future of the company if you throw away money, something like this could not be risked in our company. The objections raised served as justifications for retaining the *status quo*, but the dialogue stimulated thought.⁴⁰

The example of German companies striving for suitable forms of joint entrepreneurship with the employees, in the interest of achieving higher profit, confirms that this can bring about the benefit of greater involvement for workers who can thus better realise themselves at work as human beings. They thus represent a further impulse towards a democratic culture of labour.

⁴⁰ *Ibid.*, p. 15.

5. *The priority of labour over capital and the example of Mondragon*

The social teaching of the Church stresses the priority of labour over capital. This principle is usually understood as an ethical requirement which reflects respect for the human personality in the working process, based on an unquestionable priority of man over things. Subordination of capital to labour from a purely economic perspective is not usually considered possible.

However, the example of Mondragon shows that such subordination is possible and that it can bring about economic success. Mondragon is a town situated in the north-eastern part of Spain, in the Basque province of Guipuzcoa. In the fifties a group of enthusiasts for a new type of democratically managed and humanistically oriented enterprises, consciously based their new initiative on the social teaching of the Catholic Church being inspired by a Catholic priest, Don José Maria Arizmendiarietta. In 1956 they built their first factory which was co-owned by those who worked in it. They used the legal form of a co-operative, a traditional concept which they further developed.

The first factory was called ULGOR. There were 24 men and 2 women working in it, producing cookingware, and it did not go bankrupt. Gradually other enterprises emerged based on the same principles and were exceptionally successful. In a mere 20 years more than 80 enterprises were built in Mondragon, employing more than 17 thousand workers; all co-owners of their companies.

In 1960 they founded a co-operative bank, Caja Laboral Popular. In 1977 they founded a special co-operative for research and development, IKERLAN. They also created a large consumer co-operative, EROSKI, the annual turnover of which was 73,860 million pesetas according to the annual report of 1990. In that year they created 579 new jobs and their stores were visited by some 23.1 million customers in 1990.⁴¹ In 1964 they formed a Union of co-operatives, and twenty years later they established the General Council as the co-ordinating body of the co-operative.

According to data for 1988, the Mondragon group already numbered 165 co-operatives with more than 21,500 members. Over one million Basques were related in one way or another to the co-operative movement. In 1988 the volume of sales of the Mondragon group was 205,000 million pesetas.⁴² A rural backwater had become a flourishing industrial town.

⁴¹ EROSKI, (1991) Annual Report.

⁴² *Guía Básica del Socio Trabajador*. Caja Laboral Popular, Mondragon.

The following 3 ideas are considered to be the key to Mondragon's success:

i) *A democratic structure of management* — All the members vote at the General Assembly for a nine-member Supervisory Board, which nominates managers for a period of 4 years. Every year 2 members on the Supervisory Board are re-elected. Election takes the form of a majority vote at the General Assembly where every member has one vote. As soon as the managers are elected, they have full authority and management power. The Supervisory Board can criticise their measures at consultative meetings, but it cannot change them. The Mondragon democracy does not mean that anyone can necessarily become a manager. It means self-imposed subordination to the elected bodies and at the same time that these bodies are accountable to the members of the co-operative as owners.

ii) *Individual internal capital accounts* — Some 70% of net profit goes annually to these accounts and 20% goes to the reserves of the company. The profit remains on the account until the retirement or departure of the member. Otherwise they only receive 6% of the real interest annually. In this way the company has at its disposal some 90% of profits for its use, which represents a substantial competitive advantage in comparison with other companies. The members, on the other hand, are not interested in increasing their wages to the detriment of re-investing profits. At the point of their retirement they get a decent lump-sum, which can exceed \$ 25,000.

iii) *The co-operative bank* creates an umbrella for the whole co-operative group, by tidying over the co-operative's problems, and ensuring the establishment of further new companies. In the 30 years since its foundation, it already belongs to the 20 biggest banks in Spain.

The Mondragon companies achieve higher productivity and higher profits in comparison with other capitalist companies. They also have a better social climate, more satisfaction at work and better security for the workforce. The people themselves feel like true owners and co-entrepreneurs, who not only participate in financial management, but can also influence it. Here capital is subordinated to labour not only in the statutes of these companies, but also in real life.⁴³

It is probably not possible simply to transfer the Mondragon experience to another environment, for it is an explicit and practical imple-

⁴³ Lutz, A. & Lutz, K., (1988) *Humanistic Economics - The New Challenge*, Bootstrap Press, especially chp. 12 "Humanistic Enterprise: The Case of Mondragon". *Guía Básica del Socio Trabajador*; *Textos Básicos de Otalora* - Obra Social de Caja Laboral Popular; *The Mondragon Experiment* - Caja Laboral Popular.

mentation of ideas drawn from the social teaching of the Catholic Church. It is, however, an example of a very successful operationalization of them which demonstrates that a democratic culture of labour in the spirit of this teaching is not only possible, but economically viable.

It showed that to accord priority to labour over capital is realistic. This subordination is also practised in other enterprises in which the communities of employees have a decisive share in the company's property. Some companies in the system ESOP (Employee Stock Ownership Plan) belong to this group, but only those which respect democratic relationships in the community of employees. Not all of the ESOP companies comply with this requirement. The comparatively quick growth of the ESOP profits since 1956, which continues in spite of numerous criticisms, obviously requires a new objective evaluation.

6. Problems of pension funds

The institution of pension funds in developed countries is sometimes given as an example of the subordination of capital to labour. These funds are being quickly consolidated in the USA and gradually in other countries too. They have a growing control over the investment and distribution of money. In 1992 they owned half of the capital stock of big corporations in the USA and they provided these companies with almost the same volume of long-term credits.⁴⁴

The resources of the pension funds derive from salary deductions which are held back or put aside. They are accumulated in order to provide future pensions. P.F. Drucker concludes that the employees collectively own the means of production through the pension funds:

"The people who exercise the voting power for the employees are themselves employees, e.g. the civil servants who manage the pension funds of states and local governments in the United States. These pension-fund managers are the only true 'capitalists' in the United States. The 'capitalists' have thus themselves become employees in the post-capitalist knowledge society. They are paid as employees. They think as employees. They see themselves as employees. But they act as capitalists. One implication is that capital now serves the employee where under Capitalism the employee served capital".⁴⁵

These conclusions will probably not be uncontested. The ownership of employees of the pension funds is strongly reminiscent of collective socialist

⁴⁴ Drucker, P.F., (1993) *Post-Capitalist Society* (Czech translation "Postkapitalistická společnost"), Oxford: Butterworth-Heinemann, p. 5.

⁴⁵ *Ibid.* p. 60.

ownership, in which the actual realisation of owners' rights was left to the socialist managers. Where the pension funds are concerned, it is left to the "capitalist managers". In socialist regimes, capital was never subordinated to labour. This is obviously not the case with the pension funds either. It seems that this situation is analogous to "positional ownership" or "de facto" ownership. These questions will undoubtedly require more thorough consideration. Moreover, in conditions of increased unemployment, this form can constitute a considerable risk to the employees.

V. HORIZONS IN THE 21ST CENTURY

The position of managers not only in pension funds, but throughout society, as well as the growing importance of experts who possess knowledge and are able to use it in a creative manner, confirms that it is precisely these groups which acquire the decisive role in a developed society. Robert B. Reich speaks about "managers of the second generation" and calls them symbolic analysts (SAN).

According to Reich, the SAN are becoming the real motive power of global economics, whose contribution to the success of the product or service will continue to grow, whilst that of workers and other employees will decline. Their salaries are growing quickly and will soon lead them to be classed among the richest citizens, while the differential remuneration of the remaining 80% will continue to deteriorate.⁴⁶ The danger of new "class" contradictions and social conflicts is obvious. The establishment of democratic relationships in the working process may again be endangered.

Robert B. Reich sees the way out as consisting in more learning opportunities and in the creation of conditions for the broadest possible access to education. He advocates tax redistribution so as to enable all talented citizens to become SAN. He recommends the enrichment of working positions by the broader access of workers to computer information and by enabling them to influence production in order to improve efficiency. A similar approach is endorsed for so called personal services. If the main wealth of the nation is its labour force, then it is necessary to do everything possible to harness it to global competition.⁴⁷ P.F. Drucker also sees the key to achieving of appropriate incomes and the dignity of service workers as being an increase in their productivity.⁴⁸

⁴⁶ Reich, R.B., (1995) *The World of Nations* (Czech translation "Dílo národu"), Prostor, pp. 193-207.

⁴⁷ *Ibid.*, pp. 276-277.

⁴⁸ Drucker, P.F., (1993) *Post-Capitalist Society* (Czech translation "Postkapitalistická společnost"), Oxford: Butterworth-Heinemann, p. 86.

The growing call for a co-ordination of efforts to resolve the major problems of our rapidly changing world should not omit ideas from the social teaching of the Catholic Church, so that the dignity and value of workers is not endangered again by transformations in the means of production.

VI. ROLE OF TRADE UNIONS

The resolution of the current problems in the world of labour also requires co-ordinated efforts on the part of employees. This offers the possibility that the traditional trade unions now take over a new role corresponding to the new requirements. It has generally been established that the proportion of trade union members is declining over recent years in many countries. The following reasons are given:

- the decline of the industrial sector with a traditionally high level of trade union membership
- the growing employment of women and part-time employees
- the growth of small companies, where it is difficult to establish trade unions, especially if in small “high tech” companies the employees do not give great significance to trade union membership.

The level of membership did not decrease in countries where government policy was not directed towards weakening trade unions, e.g. in Canada, Austria and Scandinavian countries.⁴⁹

The reasons for the decline in trade unions’ membership do not consist only in the shift of employment to smaller enterprises or to service enterprises. Kochan and Wever rightly state that a

“comprehensive explanation must take into account changes in the structure of economics, the growing resistance of management towards trade unions, the growing innovation of management within the policy of personnel and human resources and the failure of workers’ movements in the area of development of new organisational and representative strategies which would suit employees in developing employment and sectors”.⁵⁰

It seems that the latter reason is the most important. The trade unions, which considered themselves to be a tool for class struggle, have not recognised that under new conditions they have to look for new forms of

⁴⁹ Clarke, O. & Niland, J. eds., (1991) *Agenda for Change: An international analysis of industrial relations in transition*, Sydney: Allen & Unwin, pp. 6-7.

⁵⁰ *Ibid.*, p. 31.

protection of the workers' interests. They have overlooked that under these new conditions protection must be realised in different ways and by different methods.

Experience confirms that in enterprises where the company management worked together with trade unions at the implementation of HRM methods and at improving working conditions, it proved beneficial for management, employees and the trade unions. In those enterprises where the trade unions obstructed the implementation of the employees' share in the productive capital, fearing that the employees as co-owners would not need the trade unions any more, this was detrimental to all, including the trade unions' position.

For example, when the trade unions in the Czech Republic (with the exception of the Christian trade unions, "Labour and Freedom"), did not agree with the introduction of company councils as organs for arbitration, fearing that they would cease to be the only representative of the employees, they did not help the employees or themselves. They do not have the legal competence to defend adequately the individual interests of employees, although they were the only representatives of the employees.

Catholic social teaching considers the free establishment of trade unions to be a basic human right of workers. It stresses the right of trade unions to protect vital interests of employees. Nowadays this protection needs to take new forms and methods.

Trade unions are no longer concerned with the renewal of the class struggle, but rather with asserting a democratic culture of labour including advocacy of co-ownership in productive capital or co-entrepreneurship in companies. Trade unions are not weakened by this. Even in Mondragon, where the members regard themselves as co-owners, there still exist social councils which play the role typical of trade unions. Trade unions need to search for ways to protect employees in small companies which cannot be organised directly under trade unions at the worksite due to the negative attitude of employers. This would consist in the protection of unorganised and peripheral groups in the population, people employed on short-time contracts, immigrants, and the unemployed. These are groups that need help and protection more than anyone else. In the Czech Republic, for example, the employees in small privatised companies are often ruthlessly manipulated by their employers, who frequently fail to respect even the most basic directives on working conditions. It seems that the attempt of the Christian trade unions "Labour and Freedom" to organise these employees into regional bodies and provide them with help from these agencies has had positive results.

Problems of social solidarity arise at various levels and represent new

challenges for labour integration on a supra-national and global scale.⁵¹ In this connection the world movement of Christian Workers faces new challenges and tasks. The need for co-ordinated efforts on a global scale is also justified in order to address the problems of social solidarity.

VII. THE POSSIBILITIES OF A DEMOCRATIC CULTURE OF LABOUR AND THE COMMITMENT OF CHRISTIANS

The examples given of using elements of a democratic culture of labour, as in the case of HRM methods, in companies introducing co-entrepreneurship with their employees, and last but not least the example of humanistic democratic enterprises in Mondragon, confirm that a democratic culture of labour in the modern world is not a utopia, but a realistic alternative. They confirm that Catholic social teaching is not an abstract theory, but that it can be the point of departure for realistic solutions which fully respect human dignity and the value of working people which are congruent with trends in developed society.

The example of Mondragon and of other enterprises co-owned by their employees demonstrates that the priority of labour over capital need not be a mere ethical injunction, but can represent a concrete economic relationship in which workers cease to be an "expense item", whose minimisation is in the interest of an increase in profit, but become co-workers and co-entrepreneurs, participating in company activities and finding satisfaction in their work.

It is true, that elements of a democratic culture come into play largely in developed countries. They will have to become the subject of interest sooner or later in other countries, which seek to get into the front line of economic development. That is why practical examples of implementation of these elements demonstrate that these are realistic possibilities — concrete choices. They also confirm that the implementation of a democratic culture of labour make a valuable contribution to the economic results of the enterprise.

The possibilities of implementing this culture are not limited to companies at an advanced technical or technological level. The best and most successful example of a democratic culture of labour is precisely the Mondragon co-operative experiment, which was started and successfully developed in a Spanish backwater, without external help. It managed to withstand rough capitalist competition and has proved its viability.

⁵¹ Schasching SJ, J., *Catholic Social Teaching on Labour, Work and Employment*.

It appears that the possibilities inherent in a co-operative system are not yet fully appreciated from the point of view of developing a democratic culture of labour. It seems that economic democracy constitutes a large reserve for market economies and one compatible with implementing the resources of Catholic social teaching.

However, it is not sufficient merely to state that the ideas of this teaching are not something distant or abstract, but that they actually correspond with trends in developed economies. There is now the responsibility for Christian action, which is all the greater, due to the intensification of new problems whose resolution requires a co-ordination of common efforts. The concern is not confined to environmental danger, but also relates to the threat that a new "class" of unqualified workers with low productivity will be formed, as Professor Robert B. Reich highlights in *The World of Nations*. This can open up new social conflicts in which the chances for a democratic culture of labour could well be lost again.

That is why analysing these problems and searching for suitable solutions is of the utmost importance. Practical implementation of solutions, inspiration by successful examples, and the quest for new types of fair relationships at work and in society are so imperative that Christians cannot stand on the sidelines.

Discussion of Dr. B. Vymetalik's paper

ZAMPETTI

Io ho seguito con molto interesse la sua relazione. Del resto siamo in sintonia culturale, abbiamo le stesse idee sulla tematica della partecipazione. Intendo soltanto fare alcune osservazioni. La *Laborem exercens* prima ancora che del lavoro dell'uomo, parla dell'uomo del lavoro. Con questo vuole chiaramente affermare che il soggetto del lavoro è l'uomo integralmente considerato, nell'unità delle sue dimensioni. Questo concetto è molto importante perché ci permette di interpretare l'attuale trasformazione della società.

Stiamo assistendo al fenomeno della scomposizione delle classi sociali. I contrasti o addirittura la contrapposizione tra capitale e lavoro è avvenuta nell'ambito delle classi sociali. Ora dobbiamo porci la domanda: che cosa sostituiamo alle classi sociali? Qual'è la nuova struttura non più classificata della società? Io chiamo la nuova società, quella che dovrà sostituire la società di classi, società di ruoli e di funzioni, nella quale ciascun lavoratore deve avere una sua identità determinata dalla sua preparazione professionale. Oggi non è più possibile arrivare al mercato del lavoro senza un'adeguata e specifica preparazione. Quindi la formazione e l'acquisizione delle conoscenze che avviene nella scuola è importantissima per la nascita e lo sviluppo della nuova cultura del lavoro. Ora lei faceva rilevare che tempo fa era considerata utopistica la concezione che sosteneva il primato del lavoro sul capitale. Oggi non più. L'utopia si sta dissolvendo. Io penso, anzi, dal momento che l'acquisizione delle conoscenze fa parte del capitale umano, che l'unità di capitale e lavoro avviene interiormente "in interiore homine", prima ancora che esteriormente nel tessuto sociale. L'unità di capitale e lavoro è la diretta conseguenza del riconoscimento dell'uomo-persona nell'unità di tutte le sue dimensioni. Nella cultura del lavoro imperniato sull'uomo persona la partecipazione diviene fondamentale: per essa l'uomo titolare del suo capitale umano diviene altresì titolare di parte (proporzionalmente al lavoro prestato e al capitale umano conferito) del capitale finanziario di una impresa. Tra i due principi enunciati nella *Laborem exercens*: "uomo del lavoro e proprietà dei mezzi di produzione" esiste pertanto una stretta connessione trovando la sua radice nell'unità dell'essere umano dal momento che è la preparazione personale,

che è *essere*, che permette al lavoratore di *avere* una parte della proprietà. Comproprietà significa infatti avere una *parte* della proprietà dei mezzi di produzione. Dalla comproprietà si giunge “naturaliter” alla partecipazione. Credo che la tesi che ha sostenuto possa rientrare in questa concezione. Per questo ho desiderato sottolineare questo punto.

VYMETALIK

I tried to stress this standpoint in my paper, too. Nevertheless, I would like to signal one danger: if knowledge nowadays becomes the decisive capital, we must endeavour to prevent an increasing number of people from being left without this knowledge capital.

ARROW

There is a recurrent interest among a few economists in producers' cooperatives as an alternate economic system. As a practical problem, the traditional producers' cooperative can raise capital only from retained profits, which may frequently be inadequate. I merely wish to call attention to the very interesting work of the late great English economist, James Meade and to a book of essays in his honour, *Alternatives to Capitalism* (edited by Anthony Atkinson).

I also want to ask a question. In several of the post-communist societies, privatization of state firms is accomplished by distribution of vouchers to ownership, in some cases (as frequently in Russia) to the workers, in others (as in the Czech Republic) to the general public. Has this difference had any significant consequences?

VYMETALIK

A considerable number of our citizens participated in the voucher privatisation. Due to the influence of huge publicity campaigns, they invested their vouchers in large amounts in newly established investment funds. These funds, however, were founded by big companies and big banks in which the state had the decisive owner's share. Besides, the funds have often invested the vouchers back in banks that founded them. A confused ‘crinkum crankum’ was thus created when banks own funds and funds, on the other hand, have owners' shares back in banks. Small shareholders are “out”. They do not receive any dividends, or only very small ones.

The funds — in spite of the fact that they belong nowadays to the biggest owners in the country — rather look after trading with shares and after royalties for their staff, but we lack the real owners who would care about the company as if it was their own. That is why the productivity of our companies continues to be low.

SCHASCHING

Zwei kurze Anfragen: Die erste betrifft die Stellung der Gewerkschaft in den post-kommunistischen Ländern.

Warum besteht dort immer noch ein gewisses Mißtrauen den Gewerkschaften gegenüber während Laborem exercens ausdrücklich feststellt, daß sie ein konstitutives Element einer demokratischen Gesellschaft darstellen und einen wesentlichen Anteil an der Verwirklichung einer "Kultur der Arbeit" haben.

Die zweite Frage: Herr Kohler sagte, daß in den Vereinigten Staaten ein Arbeitsverhältnis im Durchschnitt nur 4 Jahre dauert. Wie wirkt sich diese Mobilität auf die soziale Bindungskraft der Arbeit aus? Laborem exercens spricht davon, daß die Arbeit "eint" und "Gemeinschaft schafft". Wie ist diese Aussage in einer hochgradigen Mobilität der Arbeit zu verstehen?

VYMETALIK

It was probably a great mistake that in our country the former trade-unions managed to be classified as democratic ones and that they could take over all the public property they were formerly controlling. To their disadvantage they thus created mistrust in citizens and initiated the process leading to the situation where the trade-unions lost most of their legal power for the protection of employees. Practically the only rights that remain to trade unions consist of the right to conclude collective agreements and the possibility of strikes. In the companies where there are no trade-unions — and this is the case of many newly privatised companies, in which the owner simply does not allow them — the owner has a right to cover by its internal regulation the questions otherwise regulated by collective agreement. The owner simply does not need trade-unions and he often behaves towards his employees as in the nineteenth century.

That's why, for example, in Christian trade-unions "Labour and Freedom", we create regional organs, where we accept such employees with no protection, and we provide them with advice and necessary legal assistance.

Concerning the second question about the temporary jobs, I am also of the opinion that such employment does not contribute to employees' integration in society. This leads to another paradox: on the one hand, the demanding technologies require active workers with appropriate social security; on the other, replacement of older technologies leads to "freeing" a considerable number of employees without new required qualification, who cannot get an adequate job with the same salary as the previous one. It obviously suits well their new employers. This presents the danger of creating new divisions in society.

McNALLY

Most of the papers for the first two days have been concerned with the major Western European political problem of the day, which is unemployment in Western Europe. And today we have turned to the problems of Eastern Europe. I had hoped that we might get on to the comments in *Centesimus annus* about the development of the Third World. However, I make the observation that the Church is going to have to be very careful in following up the ideas in *Centesimus annus*. We are learning more and more that the old generalisations are turning out to be generalisations about the West. Trade Unionism is, for instance, at an entirely different stage, with different problems, in Eastern Europe. In Africa we have another picture, and about Asia we are wholly uninformed. Generalisations about the one will not apply to the other.

VYMETALIK

My paper was not focused specially on the trade-unions' activities. I only tried to answer questions that were put during discussion. The topic of trade-unions would undoubtedly deserve much broader independent attention. My paper concerned relationships between employees and, generally speaking, relations in the process of work. I believe that opinions and approaches contained in it are important not only for developed countries, but due to globalisation also for other countries. Sooner or later they will probably play a role also in the countries classified nowadays as developing countries.

MARTIN

Two observations, on the basic theme of the culture of work and the quality of human relations at work. Traditionally, the social teaching of the Church, because of its concerns for the priority of labour over capital, because of its emphasis on the right to work and also because of its pastoral concern for workers, has tended to stress security at work and protection of the worker. My question would be: what qualities of human relationships at work, or what vision of the organization of labour, should the social teaching of the Church be stressing today, to equip people to face a situation where security of employment, in many cases, does not mean permanence in a specific job, but rather employability at different jobs in the life span. How can we approach a situation in which flexibility is a value? Creativity, and creative potential, is certainly a key or a way. But the other side of the coin is precariousness. How can we, in that situation, guarantee that labour doesn't again become more radically contingent, in

the way which Professor Kohler demonstrated yesterday? Moreover, the older you get, the less there may be on offer; then flexibility becomes very questionable. What aspects of the culture of work should we be stressing to equip people to live their life in that new situation?

The Pontifical Council for Justice and Peace has the specific project to enter into a new dialogue with the structures of organized labour. Certainly, the realities in Western Europe and the United States are different from those in Eastern Europe. The situation in Latin America is different from that of the Tigers of Asia. There is also the reality of the large confederations of trade unions, which are themselves in a process of examining what it means to be representing the workers today. It is important and urgent that the social teaching of the Church, which has always stressed the importance of trade unions, gets involved in this dialogue urgently. Otherwise, with the rapid demise of trade unions, we may end up saying: "You are a beautiful corpse, you are something wonderful, but you are no longer alive".

VYMETALIK

These questions are very serious. Growing uncertainly at work, which concerns particularly the workers without qualifications due to technological and other changes, but also, related to it, growing uncertainty for others because of deteriorating living conditions — this is certainly a very threatening problem. It brings danger of new divisions, as it has been highlighted, for example, by Professor Robert Reich. He sees the solution in significant support to the growth of education and in extensive re-qualification programs. This is undoubtedly an important solution, but it is obviously insufficient. It will be necessary to search intensively new possibilities.

It is equally important to seek a new role for trade-unions in contemporary society. In my opinion, especially the Christian trade-unions should support and assert practical application of ideas of the Catholic social doctrine. And not only trade-unions. Other organisations are needed that would participate in the propagation of these ideas. It is very important, as e.g. in our country people know practically nothing about them. The press does not show special interest in the Catholic social doctrine — not even the Catholic press.

MINNERATH

Herr Kollege, ich hätte nur eine kurze Frage. Glauben Sie, daß es eine Verbindung gibt oder geben kann zwischen Verbesserung der Arbeitsverhältnisse im Betrieb, was Sie heute so glänzend behandelt haben, und Verschaffung von neuen Arbeitsplätzen auf dem Arbeitsmarkt.

VYMETALIK

So. Schwer zu antworten. Wahrscheinlich wenn gute Beziehungen am Arbeitsplatz sind, so die Leute wollen nicht weggehen, aber trotzdem manchmal müssen sie, so ... Und wenn sie müssen, so ist es eine andere Frage, die Politik, die neue Arbeitsplätze schafft. So, ich weiß nicht, ob diese Beziehung existiert, genau, ob es beeinflussen kann.

MINNERATH

Ja. Vielleicht als kulturelle Voraussetzung für die Annahme mancher Lösungen wie Teilzeitarbeit oder so.

VYMETALIK

Wahrscheinlich nicht so viel bei uns. Da, nach dem Absturz des Kommunismus, es hatten sich viele Möglichkeiten geschaffen für Kurzarbeit, für *entrepreneurship*, viele Leute wollten das versuchen. Sie sind jetzt langsam weggefallen, aber sie wollten das versuchen. So, viele Leute sind in der Schattenökonomie, ja, angegliedert. Bei uns ist es bis jetzt nicht klar, wie diese Beziehungen sich entwickeln werden.

ZULU

I should like to explore some of the fundamental principles, which I feel inform your paper, and the strategies you recommend in order to create a culture of work. To me, the concept "culture of work" assumes a community of interests, rather than what I call a convergence of objectives. Practically, a typical employee-employer relationship is unlike a marriage; it is rather a situation where capital's primary objective is accumulation. Hence, the concentration of capital in a few hands, typified by the existence of large conglomerates. In this instance, the contribution of labour is on the terms of capital; until there are limits set to the extent to which capital can accumulate, I cannot see a situation where we could say that equals define a common culture. Given such diametrically opposed positions, how do you create a community of interests which would lead to a culture of work?

And this leads me to my second point. It particularly concerns Third World Societies, often referred to by sociologists as plural societies in terms of economic interest. Empirically, the capitalist is a stranger; multinational corporations, with very little indigenous input, dominate the economy. What you refer to as strategies of human resource management in your paper, strikes me as generally management on the terms of capital, which is both foreign and strange. The factory, therefore, becomes a center of contest not only for economic purposes, but for political relations as well. Given these

economic and political situations, and the divergences in the social composition of the actors, how does one create a culture of work? Is it not an ideal? And if it is an ideal, what are the practical steps we should take towards the realization of this ideal?

VYMETALIK

I have tried to show that the first steps towards the realisation of a culture of work must in fact come from the management. It is hard to imagine that the employees would simply walk up to their employer and say: "We want a new culture of work". We must first guide the employers to realising that nowadays, even for accumulation of capital, it is important to respect a man, to give him such conditions that would bring him satisfaction. This is the first step.

The second step is creation of such relations at work that they will fully respect the subjectivity of employees. Many institutions can help, in accordance with the specific conditions of individual countries. The third step consists in intensive communication, because people do not know much about these ideas. I will give a small example from our "voucher" privatisation. Initially people were not interested in it. However, a fortnight of massive professional publicity, made by an Harvard investment fund, was enough to lead 6 million to buy the "voucher booklets". That's why it is so important that Christians as well manage to publicise efficiently the ideas of Christian ethics. In this case it is particularly important to present examples of successful solutions. This is what people want to hear. We know how difficult it is to find such examples. They, nevertheless, exist and we should not hesitate to speak about them, although obviously as examples among several other possibilities of implementation of the social doctrine.

TIETMEYER

There is no doubt that economic, structural and traditional starting points differ fairly substantially from one country to another. An interesting example in this context is German reunification, where two different traditions suddenly came together. In this case we are dealing with a system in transition in the East and an established system in the West. When these came together, several inconsistencies and incompatibilities clearly came to light. I must emphasise that we naturally transferred much of the established Western system Eastwards. However, there have been a number of interesting reactions to these transfers to the East, and these may help us in the West to get necessary reforms under way.

The role of the trade unions is one example. Here, too, there was

initially a transfer from West to East. It emerged, however, that West German trade union practices could not simply be transferred to Eastern Germany. There are now more rules in Eastern Germany which are tailored to the needs of individual enterprises. This has something to do with the economic situation there, but is also associated with the fact that in the East people have become more reluctant to accept fairly large collective organisations. To that extent, I believe it will be the East that will bring the West on to the right course on this issue, i.e., replacing collective agreements increasingly with rules governing individual enterprises, as that will be necessary in the West, too, in future.

I do not wish to deal in more detail with the subject of voucher privatisation at this juncture. Suffice it to say that we in Germany have chosen quite a different model, and that is the trustee solution. In my opinion, this will ultimately prove to be economically superior, because old structures can be broken up more easily with this approach than with voucher privatisation. Although the latter has changed the status of ownership, the former power structures have remained in practice.

I would like to make another general comment, and it is on the subject of solidarity and the community of employed people. It has been said that the need to change jobs more frequently has undermined the old classical solidarity of employees. That may be true, but I believe there has been a new development which I would like to describe as team work. That is to say, we often have new cooperation structures at work these days, which are no longer based on solidarity within the various hierarchical groups such as workers or — as we call them — employees, or on the solidarity of an enterprise's management. At one time a person was employed, for example, at Krupp's and belonged to the Krupp family. Nowadays it is a small team of ten, 20 or 30 people who work in a given area or on a particular project. This leads to another solidarity question which is concentrated mainly on the working area. Such team structures are to be found increasingly in new and large firms, in particular. In the light of these new structural developments and the growing differences in interests, it is likely that the old mass solidarity of the trade unions will lose more and more ground.

Incidentally, this also applies to the cooperative structures that were mentioned. The cooperative is no longer very attractive from the employee's point of view and is increasingly disappearing. It still exists, of course, as a form of organisation in certain small and medium-sized enterprises, for example, in the form of cooperative banks in banking or in the form of trading cooperatives in the marketing of goods. However, that is something different from a worker cooperative.

I would like to point out in conclusion that Professor Utz was right to

address a topic which we are not yet able to deal with here but which, in my opinion, we should be dealing with elsewhere. The question is whether we can limit the term 'work' to the work offered in the market or whether we should define the term much more broadly. I think Professor Utz is right in adopting the broad definition of work. In that event, however, we would have to be clear about the economic consequences of such a broad definition, because payment in that case will be demanded for work performed outside the market, too. And that brings us to the real issue: which types of transfer are suitable for solving this income problem? Unfortunately, society's sense of values is based one-sidedly on market-related work. I regard this restriction of the term work as dangerous in the long run and would be happy if society's values were to become broader again. But we shall have to discuss the consequences for income in that case and find relevant solutions. And that will not be easy.

VYMETALIK

Thank you, I have nothing to add, just a small note. I mentioned the team-work in my paper as well. Unfortunately, it is practically non-existing in our country. This is perhaps again a question for the future.

BATLINER

Nur ganz kurz: In Anbetracht der hochinteressanten Ausführungen, die Sie uns gegeben haben über die derzeitige Situation in Tschechien, hätte ich folgende Frage, wie Sie die Sache beurteilen, und was das zukünftige Wirtschaftssystem sein soll. Wir sprechen von der sozialen Marktwirtschaft, wir sprechen von der freien Marktwirtschaft. Ihr Ministerpräsident Claus ist ein starker Verfechter der freien Marktwirtschaft und spricht nicht von der sozialen Marktwirtschaft; wir haben das erfahren beim Weltwirtschaftsforum in Davo. Glauben Sie, daß das System der sozialen oder der freien Marktwirtschaft dazu geeignet ist, in Tschechien, weitere Arbeitsplätze zu schaffen oder glauben Sie, daß ein bestimmter Dirigismus — ich spreche bewußt nicht von der Planwirtschaft — daß ein bestimmter Dirigismus notwendig ist, um weitere Arbeitskräfte, und zwar leistungsbezogene Arbeit, zu begründen.

VYMETALIK

The first problem is that people in our country have rather vague and different ideas about the social market economy. Even the supporters of so called "pure" market economy assert in practice state interventions, which are approaching rather socialist concepts. The social market economy could

obviously be a solution for our country too. I personally would prefer to speak about a solution based on the principle of subsidiarity. I, however, fear that the social market economy within the frame of one state is nowadays not quite possible; owing to globalisation, it is necessary to form also global institutions at various levels. This is probably a way to the future.

V.

THE RIGHT TO WORK AND THE FEASIBILITY
OF FULL EMPLOYMENT: DIALOGICAL POINTS

INTRODUCTION TO DISCUSSION

HANNA SUCHOCKA

I. THE RIGHT TO WORK — IS IT A FEASIBLE OBJECTIVE?

This question should, in my opinion, be answered positively right from the start. At the same time, however, a reliable analysis of the various aspects of the right to work, as well as the contradictions which arise from its implementation is indispensable.

The right to work belongs to that category of social problems about which it is easy to formulate judgments on a theoretical level, but whose practical resolution has proven stubbornly elusive. Indeed, steps intended to make the right to work a reality often produce outcomes the opposite of those intended. One can assume the existence of a certain core of principles pertaining to the right to work, and to work itself, for which there exists general approval in different political systems. This set of core principles is accepted not only by the social doctrine of the Church (as insightfully analyzed by Prof. Schasching) but also by socialist, or even liberal doctrines. Roughly, these principles are the following:

1. Work constitutes a condition of man's self-fulfillment. This can only be uncoerced work, not work rendered under duress.
2. Unemployment or the lack of opportunity to choose one's place of work in accordance with one's aptitude and interests constitute major obstacles to fulfillment of personal objectives.
3. Providing work takes priority over the establishment of adequate remuneration.
4. By means of its economic and social policies, the state ought to aspire to provide full employment.

Few would deny the validity of these generally formulated principles. As a matter of fact, one could content himself with their mere enumeration and treat them as the appropriate policy of the state. However, a more detailed consideration shows how many contradictions and perplexities

would arise if one were to attempt their implementation. Experience demonstrates how excessive emphasis upon the right to work, and attempts to ensure the permanence of employment through legal guarantees produces the contrary. The problem of the right to work is a complex matter, and its reliable analysis must include both legal and social aspects.

Although in numerous countries the contract of employment is a civil contract, both the contract itself and circumstances concomitant to its establishment and dissolution have become subject to special attitudes and regulations that transcend the limits of the civil code. Irrespective of the ideological approach, in our part of Europe, it is impossible to arrive at a consensus which would not single out work from all other forms of legal civil relations.

From the point of view of its legal and constitutional classification, the right to work belongs to the group of economic and social rights. It is a part of the so-called second generation of human rights, as opposed to the first generation, to which such rights and freedoms as personal freedom, freedom of speech, freedom of the press, freedom of conscience and religious creed, etc. traditionally are incorporated. The first generation rights often are referred to as the traditional rights, and nearly universally are recognized to constitute the core of every state constitution, since for they define and limit the scope of the authority of the state over the individual. Economic and social rights constitute a different problem. Discussion of their normative character is much more complex, and opinions as to the need for their constitutional recognition greatly vary, extending from the liberal doctrine, which denies the need for constitutional inclusion of these rights, to the socialist doctrines, which favour their very detailed formulation.

The debate over these issues has become particularly pronounced in the post-communist countries, and it clearly demonstrates that these are not purely doctrinal controversies, but on the contrary, disputes about issues deeply rooted in the social and economic realities of the post-communist states (i.e., states currently undergoing a process of economic transformation). As is well known, work is affected by all the changes taking place in the field of economy. Work and its conditions are intrinsically related to the choice of a given economic system and to changes in the methods of its administration. And the changes that have been taking place in the post-communist states in recent years are not only a different set of tools through which the state manages its economy. They also represent a change in the role of the state and the relation between the citizen — hitherto the state's employee — and the state — the main

employer. In this respect, the countries currently undergoing transformation appear to be the point of convergence for the problems concerning work that haunt the contemporary world. Consequently, the post-communist states provide an opportunity for a "fresh" review of these problems, and to investigate the development of the ideas pertaining to the right to work, the barriers to success in the fight against unemployment, and to determine whether the right to work constitutes a feasible objective.

Considered from a legal perspective, the right to work, as well as the other so-called economic and social rights, have undergone a peculiar historical evolution in the 20th century. These rights did not constitute a relevant element of the constitutional development in democratic-liberal countries. On the other hand, they were vastly expanded in the constitutions of the countries representing "real" socialism, and such detailed constitutional inclusion used to be considered as an indicator of the progressive character of the communist system. These rights, and particularly the right to work interpreted as the principle of full employment, played the role of fundamental slogans in the communist system. These rights, however, as incorporated in an artificial economic system that the centrally-planned economy constituted, were considered to be of propagandistic or declarative rather than of normative importance. They constituted a peculiar kind of socio-economic principle of a particular sort of authoritarian state, rather than an individual right. That is why any profound, substantial discussion on the scope and importance of the right to work was impossible. Even today, though, discussion of the right to work under market economy conditions generates considerable excitement. We live in a world full of contradictions. Irreconcilable values — as confirmed by hitherto existing reality — stand in opposition to one another. On the one hand, there is the unquestionable value of full employment and, as a result, security for the individual. On the other hand, this value is constituted by the market system of economy built according to principles recognizing the freedom of the individual. And experience shows that implementation of the principle of full employment is only possible under conditions of a system of centrally-planned economy, a system which deprives the individual of the freedom of enterprise, private property, and which removes from him the responsibility for his own fortunes, i.e. in a situation in which man is considered to be a production instrument rather than a genuine entity endowed with his own entrepreneurial drive. Thus, implementation of a value such as full employment — at least under circumstances we have been familiar with — always took place in a situation of denial of the personalistic concept of the individual, i.e., in a

situation of a denial of one of the canons of the social teachings of the Church.¹

Thus, the only example of implementation of the principle of full employment are the communist states. And the implementation of the principle in such a "version" caused a series of negative consequences which virtually denied the very essence of work, and could be reduced only to formal employment. Fictitious employment — the reverse of latent unemployment — became a common phenomenon. Any relation between work or an understanding of the relationship between employment and wages was lost. In the human dimension, this situation led to the loss of the work ethos and to the demoralization of workers, whereas in the economic dimension, it led to low productivity and, consequently, to the bad state of the economy as a whole.

On the other hand, the market economy principle, based on the recognition of the freedom of the individual and his responsibility for his own fortunes, devoid of any social considerations, leads to mass unemployment and, consequently, violation of the dignity of the individual who is unable to support himself by his own work. Thus, the challenge the contemporary world poses is a search for the answer as to whether and how these two values can be reconciled. Our present discussion is meant to be a step in this direction.

This particular dichotomy, this peculiar clash of values between the necessity of the introduction of the market economy and unemployment, is particularly manifest in countries delivering themselves from the communist system. Hence, we find using the example of these countries expedient.

The beginning of the so-called transformation process, which, in the economic dimension, meant the introduction of the system of market economy in the post-communist countries, meant renouncing the principle of full employment, the principle being — as I have already mentioned — basically fictitious. This resulted in massive unemployment, with both the society and the state completely unprepared for this phenomenon. The society, accustomed to employment security and the idea that any concern about finding and securing work was the responsibility of the state, suddenly found itself frustrated and lost. In the face of such particularly excruciating events as large-scale factory closures, and the not infrequent cases where all the members of a family were made redundant, the positive effects of transformation receded into the background. Moreover, these positive changes took place in a completely immobile society, a society

¹ Cf., J. Schasching, report prepared for the present session.

whose members were accustomed to one place of employment, to one place of work, and one place of abode virtually throughout their entire lives. Such were the rules governing the communist societies, where man, owing to the existing economic infrastructure and housing system, was in a peculiar way ascribed to one place of work and abode.²

It therefore should come as no surprise that, after the initial months of expectation for positive effects of the new system, a major campaign was launched against closing the hitherto existing establishments, against restructuring, and in favour of the full employment system in — obviously — its only known version, that is, the “real” state socialism version, with the state being the sole employer. The aim of suppressing unemployment became the leading issue of the whole transformation process. Consequently, inclusion of the right to work in the constitution has come to be recognized as a means both to guarantee employment and to return to previous solutions. Hence the intense pressure to include the right to work in the constitution in recent years. In the initial period of system reform, at the time of particular fascination with a market economy, MPs representing liberal parties strongly opposed the constitutional inclusion of the right to work, finding it an attempt to re-impose the communist concept. In doing so, they sought to limit the role of the state as the major, direct employer.

The latest public opinion polls show that 59% of the respondents support the inclusion of social rights, and particularly the right to work, in the new constitution, whereas only 24% would like the new constitution to be predominantly a guaranty of political and human rights. It is thus obvious that the liberal democratic principle of primacy of political over social rights is quite strongly questioned in the society. This does not mean questioning the traditional rights themselves. Instead, it is a matter of supporting the supremacy of socio-economic rights over the traditional ones. Such an attitude is undoubtedly the legacy of the communist system as well as fears resulting from the current socio-economic transformations which constitute a danger to these social rights.

— Discussion of the concept of the constitutional inclusion of the right to work indicates that it is the one that is most prone to constitute an “empty” or fictitious right. It is paradoxical that the right to work is ensured by the constitution of Spain, a country where unemployment levels far exceed the average for Western Europe and the USA. At the same time,

² Such conditions, particularly social immobility within the range of a given country, are characteristic of overseas countries with high levels of unemployment. At the same time, however, countries of the so-called “South” are characterized by a high migration rate to the countries of the “North”. Cf. Prof. J. Zubrzycki’s interesting report for the present session.

current experience indicates that unemployment levels drop faster in the USA than in Western Europe, although declarations as to the formal guaranties of the right to work as well as constitutional inclusion of the state's right to intervention in favour of reducing the unemployment are far more articulate in Europe.³ Hence it is an obvious conclusion that the nexus between the constitutional inclusion of the right to work and reduction of unemployment levels is practically non-existent. It is undoubtedly the result of the particularly normative character of the right to work.

— As pointed out in the literature, the social rights do not have the same character as the “traditional” rights that guarantee the security of the citizen against the state. Consequently, unlike the traditional rights, the “social rights” do not constitute a set of claims that an individual has against the various organs of the state. It is unquestionable that excessive legal guarantees meant to ensure employment provoke abuse on the part of the workers and, as such, become subject to moral judgments. On the other hand, in a situation of tormenting unemployment and poverty, which results from economic underdevelopment and the collapse of declining industries, employers have an advantage over employees, and particularly prospective employees, which they may abuse. Furthermore, lack of the fundamental stability of the employment relationship cannot be accepted on moral grounds. This is yet another example of possible contradictions that are persistent aspects of this issue.

— The problem of work or the right to work is, thus, not only a question of mutual relation of work and capital, but a moral issue, and — as exemplified by the above examples — a very complex one.

— However, another aspect has to be stressed here. Namely, many considerations of the right to work underestimate or even completely disregard the question of the financial aspects and the financial condition of the state as one of the elements necessary to any implementation of the right to work. Thus, Dr. H. Tietmeyer's text concerning financial markets in relation to employment and unemployment submitted for today's session is very valuable. Any solution in the sphere of the right to work must not hinder economic growth, nor the stability of the currency since then it loses its social relevance. (Such hindrances can be the result of pressure aimed at maintaining obsolete and unprofitable socialist industrial giants, and the pay claims of these enterprises).

³ T. Syryjczyk: “Granice misji ekonomicznej i socjalnej w konstytucji”, in: *Konstytucja i gospodarka*, Societas, Warszawa, 1995, p. 63.

In this respect, the principle of employment protection, intervention into problems of employment safety, and limited steps aimed at stabilizing the employment relationship appear to be reasonable solutions. So is the question of organized assistance for persons whose employment is a result of genuine inability to take up employment or find other sources of subsistence (poverty).

The problem of forced labor has always been one of the more controversial issues. As a feasible objective, the right to work, most certainly must have nothing in common with forced labor. Many an international agreement has attempted to ban forced labor. Hence, one of the indubitable features of work which allows for man's self-fulfillment is freedom of its exercise. The communist states, having created broad and far-reaching guarantees for workers, such as protection against dissolution of the employment relationship, the stability of employment, and the assurance and limitation of working time, thereby brought about a situation in which the value of the performed work was in certain cases so low, that people were not willing to take it up of their own accord. That is where the problem of forced labor originated. It has to be added that the organization of forced labor is an intrinsic feature of totalitarian states.

The broad discussion that took place in Poland in the mid-1980's in connection with the government's plan to register so-called "parasites", or in other words, to introduce a certain level of labor duty, showed how much misunderstanding the problem generates. The proposed draft of this plan contradicted the Human Rights Agreement which Poland had ratified. Arguments stemming from Catholic social doctrine were relied upon, that pointed out that the treatment of work in terms of duty in a certain way undermines its absolute value. Through work, the personalistic element should exemplify itself, and the personal values should be accomplished. This is denied or at least fundamentally limited in the case of forced labor. The arguments of human right activists stressed the unique feature of work that is constituted by its freedom. This was also the attitude of the majority of the members of the public.

2. ALTERNATIVE WAYS AND MEANS OF SUPPLYING EMPLOYMENT

These remarks may have only limited reference to certain very broad hypotheses, for, as far as the general principle is concerned, it is obvious that employment, in the shape of a formal contract of employment, is the main objective of the majority of society members eligible for work. This comes as no surprise, since only employment entitles one to a number of

guarantees not appertaining to other forms of rendering work. It also provides, to a lesser or higher degree, a certain comfort in terms of stability and security of the employment relationship. Thus, employment can be complemented with different kinds of expedients only to a limited degree, and this happens for a number of reasons.

The most typical forms are: rendering commissioned work; the establishment of private enterprises as a result of the closure of large unproductive ones; entering into cooperation with major enterprises. Furthermore, a clear distinction has to be made between the categories of people who voluntarily choose different forms of rendering work from those who do it because they have found themselves in a situation of compulsion. In the first category, I would include people who, owing to their specific family situation, prefer not to conclude a formal contract of employment, but choose to carry out only commissioned work. The various and vastly developed kinds of commissioned work undoubtedly constitute a very vital element complementary to employment. At the same time, however, one has to refrain from formulating hasty conclusions with regard to the positive effects of such forms of rendering work upon reduction of the unemployment rate. This dependence is not unequivocal. Such commissioned work is often undertaken by people who have a formal contract of employment with a different employer. In such instances, commissioned work will not be a means of reducing the level of unemployment; on the contrary, it is likely to hinder the unemployed from finding employment.

3. MAIN BARRIERS TO REDUCING UNEMPLOYMENT (AND UNDEREMPLOYMENT)

Paradoxically, excessive legal regulations meant to ensure stability and security of the employment relationship may turn out to be the main barriers on the way to reducing unemployment. So may excessive protection by the state. Thus, the very features which we are prone to assess positively may and indeed, as exemplified by experience, do have a negative impact upon the process of unemployment reduction. I shall elaborate on the matter by means of examples.

As shown in previous argumentation, an attempt to include the right to work in the constitution does not provide a guaranty against unemployment. It is, however, also true that with all the reservations regarding the purposefulness, the scope of particularization of the constitutional regulation of the right to work and its normative character, the state intervenes more actively in employment relationships than any other categories of agreements, even in market economies. The free market principles are

subjected to numerous limitations. It is already plain, however, that certain guarantees are of doubtful value. They can also create traps which, in effect, will turn against the value which was meant to be protected by means of such guarantees. The most frequent aspiration of trade unions is to ensure stability of the employment relationship, in other words, to search for solutions that would render dissolution of employment relationship most difficult. Here we have a very clear example of such opposition of values. If employers find it difficult to terminate employees' contracts, then, even in times of prosperity, they will not employ new workers. Employers will not take advantage of the favourable circumstances since it is clear that when the period of prosperity is over, they will not be able to reduce employment, and eventually costs will exceed profits generated during a temporary growth of production. Another example: excessively high costs of labor which are the result of the social security and health insurance systems, holiday schemes, etc., incline employers to avoid formal contracts of employment. Thus, seeking the most profitable solutions from the point of view of the employees, approaches that supply them the greatest possible employment security may undermine their interests in the long-run. Instead of being a guaranty of formal contracts of employment, these devices can result in workers being able to obtain only casual labor opportunities. A third example: The legal limitation of the working time, in its substance meant to protect the worker, makes it impossible for already employed workers to gain an extra workload. As a result, production is not stimulated, nor do such limitations increase the employment of those workers who remain unemployed.⁴ Another sensitive issue in the countries under transformation is the question of shortening the working time. On the one hand, this might become a certain incentive (although, in my opinion, a very doubtful one) towards the reduction of unemployment. It might turn out that shortening the working time without lowering the wages could lead to such an increase in costs for employers, that they would be motivated to replace employees with machines. Again the result achieved would be contrary to the one intended. On the other hand, however, it is worth remembering that additional employment already has been a common phenomenon in our countries. Thus, such proposals might prove economically detrimental.

The problem of minimum wages also appeared to be a vital element of the right to work. Today it is, to say the least, a controversial matter — a guaranty of a minimum wage prohibits the creation of new jobs and the

⁴ *Ibid.*, p. 67.

employment of young people to learn a trade. And *similarly*, the minimum wage reduces employment opportunities in situations in which higher wages are economically impossible.

In order to work out a suitable concept of unemployment reduction, the precise discernment of the factors generating unemployment is of utmost importance. In the case of the countries undergoing transformation, these factors are different from those expected, and different from the ones which can be observed in stably working economies. The main sources of unemployment growth are: increase in the number of people eligible for work, suppression of latent unemployment, the poor financial standing of enterprises, the closing of large, state-run enterprises, change in the export situation, as well as rapid abridgment of traditional markets — which has occurred through the collapse of the Soviet Union.

The proponents of a right to work have suggested numerous programs to prevent unemployment. Very often, however, these turn out to be idealistic proposals which do not stand a chance of implementation, particularly in countries with high unemployment levels. Most frequently mentioned are: career guidance by the state, assuring people the opportunity to gain new professional qualifications, as well as community and public works projects. Undoubtedly, the role of the state, as defined through the principle of subsidiarity, must not be denied here. However, experience has shown that in countries which have rapidly changed or are rapidly changing their economic systems, implementation of these sorts of programs is extremely difficult, if not altogether impossible. The first two programs require time and the creation of new jobs. In the initial stages of transformation, there is no knowledge as to the optimal professional structure and, accordingly, the directions for changing job qualifications. On the other hand, it is a time when unemployment develops overnight due to closing of obsolete enterprises, and there are no means to stop this process. Countries with stable market systems can respond in a totally different way. The problem of the initiation of public works is even more complex. The problem of unemployment increase is one typical of poor countries with completely ruined economies. Such nations lack the financial resources needed to initiate public works on such a scale that substantially could reduce unemployment. It is also a time-consuming process.

One of the major barriers to unemployment reduction is thus the lack of financial resources. It is not the only factor, however. Sometimes a country lacks a certain vision as well as appropriate technical and organizational structures. Also, the psychological or mental factor is one of paramount importance. To elaborate on the issue, let me use the example of the unemployment benefit. Here we are confronted with yet another

contradiction between the state's duty to protect the unemployed, which flows from the subsidiary principle, and unemployment reduction.

In the opening phase of transformation, due to the closing of state enterprises and resulting group redundancies, a large-scale unemployment benefit programme was initiated. (During this period, the concept of seeking different forms and methods of unemployment was dominated by the idea of an unemployment benefit). A number of its recipients treated this benefit as a kind of extension of the wages they had been paid in the communist enterprise, since those wages were also unrelated to the scope of the work rendered. As a result, the recipients made no efforts to find employment. Thus we have arrived at yet another paradox. A new phenomenon of demoralization began to appear. It turned out that it was more profitable to seek financial assistance from the state than to make attempts to find means of support. Permanent employment was not sought since the unemployment benefit and occasional paid jobs provide a higher income. As a result, long-term unemployment partly consists of such optional unemployment. In this instance, it was the overprotective role of the state, combined with a lack of vision as to the consequences of such a solution, that turned out to be the barrier for unemployment reduction. Crossing this boundary has a moral, and in the long run, a social dimension, for instead of limiting, it expands the scope of unemployment and consolidates passive attitudes, thus leading to poverty. Further economic consequences, such as collapse of economic growth due to an overloading of the economy and additional deepening of unemployment come later. It must be pointed out, that this process — not without social resistance — gradually is being restrained. The range of the benefit and period of its availability is considerably shorter than it was in the opening stages. In the future, it should be prevented by the prospective change of the unemployment benefit system into an insurance system, thus relating the amount and timing of benefit reception to the amount and timing of insurance premiums.

In the course of progress of the transformation process and extension of privatization schemes, some of the unemployed workers will be absorbed by private enterprises. There exists, however, a vast discrepancy between the number of people made redundant and those who find employment in private enterprises. A number of reasons account for this, namely:

1. private enterprises assume the principle of rational employment, thus there are no cases of latent unemployment in them;

2. lack of suitable qualifications on the part of workers seeking employment in private enterprises, and difficulties with qualifying for new jobs;

3. inability to get adjusted to the working routine in a private enterprise (higher productivity, higher work discipline).

Thus it is not always the government that is responsible for the existence of these barriers; very often it is the question of the worker's mentality.

5. A GLOBAL EMPLOYMENT POLICY AND/OR LOCAL ACTION?

The problems of work, employment and unemployment are global problems, as is very clearly indicated in the reports which are presented here. The most frequent reason for the collapse of governments in democratic countries is social pressure in general, and the growth of unemployment in particular; this happens irrespective of whether it is the so-called "East" or the "West". The specialist literature as well as different international reports dealing with social problems stress the fact that contemporary development triggers such phenomena as: the globalization of production and employment, rapid technological change, increased mobility of labor, atomization of workplaces, growth of the informal sector and structural adjustment policies. All these points generate large-scale structural changes in labor markets followed by flexible employment practices and an increase of the atypical employment situations (for example, part time work, temporary work, home work, self-employment and changes in working time). While official rates of unemployment remain stubbornly high, an increase is recorded in a group of "latent" or "non-declared" unemployed, resulting in a blurring of the distinction between employment and unemployment.⁵

All this seems to suggest that adopting a global employment policy, or at least taking steps in this direction, should be possible. I have very serious reservations, however, about the possibility of such policies. Unquestionably, Prof. Juan J. Llach's text presented during this session is very conducive to the discussion of this issue.

Acceptance of a certain global employment policy is, at the present stage, impossible. Instead of that, in this opening stage one should concentrate upon seeking possibilities to implement certain regional employment policies, although this problem itself is very difficult. The European Union is, undoubtedly, a major step in this direction. However, even within this structure, one that assumes the far-reaching integration of the economic

⁵ K. Drzewicki, "The Right to Work and Rights in Work", in: A. Eide, C. Krause, A. Rosas (ed.): *Economic, Social and Cultural Rights*, Nijhoff, p. 185.

and financial activities, a joint employment policy has not been worked out. Although the unrestrained flow of the workforce has been granted, it has been effectuated only to a certain degree. Levels of unemployment among the particular members of the Union still vary greatly. However, no joint efforts of the Union or among certain of its members to solve the problem are known to me.

No steps towards working out a common employment policy have been taken up by the countries of Central and Eastern Europe. In my opinion, this is the result of the fact that each of these countries has been following its own, extremely difficult path of transformation, and none of these countries individually has worked out a clear employment policy. Under such circumstances, long-range activities are obviously very difficult to undertake.

I am convinced however, that a global employment policy is a matter of a more distant future, possibly the next century. The way towards this end leads through attempts to create adequate local policies.

One of the major impediments to such a joint policy is the fear of certain countries, particularly the most advanced ones, of an influx of strangers. Another reason, is the fear that as a result of accepting such a policy, the citizens of Central European countries would be entitled only to second-category jobs, due to the differences of economic development among the participating nations. This is an essential, not only a psychological, but also a national barrier. A global or even regional employment policy must not disregard such issues. For it is unthinkable that in trying to solve one problem (employment), new, e.g., nationalist problems will be evoked.

Discussion of Prof. H. Suchocka's paper

ARROW

I want to thank Professor Suchocka for setting forth with clarity and, shall I say, unflinching courage the problems in achieving a reduction of unemployment. I put it this way, because, according to the paper, it is not merely full employment that is unobtainable but any reduction in unemployment except insofar as the spontaneous forces of the market achieve it.

I certainly applaud the point that constitutional provisions for full employment are meaningless and even hypocritical in a world where employment is governed by contracts between individuals and firms.

However, I must insist that we cannot be as pessimistic about the possibilities of government employment policy as the paper proposes. It is not supportable for a society to have large unemployment, no unemployment benefits, and no stability of employment simultaneously. The employment conditions in both the transitional countries and Western Europe must be met by government intervention in some form, whenever the market fails to end large-scale long-lasting unemployment.

SUCHOCKA

All around the world when I finish my papers, no matter what problem I touch, the first comment is always: "You presented a very pessimistic view". But in this area concerning the right to work, my experience was particularly difficult. I started with the so-called "social and economic rights" as a researcher in the Academy of Sciences; I then wrote some articles on the right to work. When I became Prime Minister, it was really a totally different point of view. I had to change some of my earlier theses. I became much more pessimistic because, in the last six years, we were unable to find out how we could deal with high unemployment; we looked for examples in Western countries, but it was not possible to repeat them in our situation. It was, and it is, particularly difficult to find a solution in accordance with the Catholic Social Teaching. However, in Poland we would like to have a social free market economy, not just the free market economy. This is why unemployment is such an important problem for us.

LLACH

The intention of this intervention is just to congratulate Professor Suchocka for the very unusual frankness, and the very worrying diagnosis she presented. I feel very much in agreement with her; and it is not just by chance. Our two countries are trying to implement a process of modernization; one of the difficulties comes from the attitude against productive work in important parts of the population. Even in the Church of our countries, the productivity side of the coin is never taken into account. I frankly want to emphasize this aspect, because the supposed socially oriented approach to work, turns out in practice to be detrimental to the development of employment opportunities. It is something very important in countries like Poland and Argentina, and also in other Latin American countries that are trying to initiate processes of economic reform. So I strongly want to emphasize the necessity to go into deep study of diagnoses such as the one Professor Suchocka has presented today.

SUCHOCKA

This confrontation between the social and economic issues of the right to work is indeed crucial, especially in our part of Europe. Before we start with a real free market economy, we have to analyze all social consequences of, for instance, the so-called shock therapy. We have heard during the first day, when we discussed the social teaching, rather critical voices against the shock therapy. However, in the first phase of reforms it meant in a very short time to keep inflation under control, to go farther with the privatization process, to keep all important economic factors together. Lacking such a quick move, it would not have been possible to later on solve not only the economic problems, but also the social problems. However, when I was faced with mass unemployment, it was very difficult for me as a Catholic to find the argumentations that I could express to the really poor people.

SABOURIN

Je voudrais tout d'abord remercier Madame Suchocka pour son intéressant exposé, surtout pour avoir soulevé des problèmes qui sont non seulement très pertinents, mais qui vont devenir de plus en plus significatifs dans la région qu'elle connaît si bien ainsi que dans d'autres régions du monde. Vous me pardonnerez d'être un peu l'avocat du diable en soulignant que le problème de l'emploi à l'échelon mondial n'est pas nouveau. Depuis que la Société des Nations et l'Organisation Internationale du Travail existent, nous nous efforçons d'établir, à l'échelon international, des

conventions pour créer, protéger, susciter l'emploi. Il existe plus de 150 conventions internationales dans ces domaines.

Je pense que dans le cas d'une Académie comme la nôtre, nous devons faire un effort particulier pour prendre en compte ce qui a déjà été fait à ce chapitre. Or il faut bien reconnaître que, dans le cadre de l'Organisation Internationale du Travail, ce genre de réflexion est très avancé. A la page 15, vous dites "acceptance of a certain global employment policy is at the present stage impossible". Je pense que votre opinion est exacte. Notre collègue Arrow disait que vous êtes pessimiste. Je ne crois pas que vous soyez tellement pessimiste; je pense que vous êtes lucide. Lorsqu'on connaît la situation de l'emploi, surtout en Afrique et dans certaines régions d'Asie, il faut voir le problème d'une façon très différente.

Cela dit, pensez-vous que l'Académie devrait s'intéresser à des questions qui concernent surtout les Pays du Nord, incluant l'Europe de l'Est et un certain nombre de Pays d'Amérique Latine ou ne devrions-nous pas prendre aussi en compte la problématique du travail dans les Pays plus pauvres, dans les Pays en voie d'expansion rapide et surtout ceux qui sont présentement en très grande difficulté? Nous devons être réalistes. Il y a 5.600.000.000 d'habitants à l'heure actuelle sur la terre et nous, dans les pays industrialisés, nous représentons à peine 20% de cette population. La notion du droit du travail a-t-elle le même sens en Bolivie, en Haïti, au Burkina Faso, qu'elle a chez moi au Canada, en France ou ici, en Italie? Il faut absolument que nous nous posions les questions en termes internationaux et pas seulement à partir des expériences des pays que nous représentons ici.

SUCHOCKA

Yes, I fully agree with you on the very general principle. But notice that a global, international employment policy is also impossible; I mean a policy in the real sense of the word, led by international organizations. An international convention, concerning for instance the right to work, is something different; it provides only guidelines for policies. Of course, I can fully agree that we, being here in the Academy, and also probably in different other international bodies, we have to look for the possibility to create a common programme, something like what would be required for a common global employment policy. At the moment a really clear, well-defined policy, as a policy of the different governments, is impossible. But there is a need, and probably in the future such a policy will be found necessary.

MORANDE

The paper of Professor Suchocka points out once again the fundamental questions which had been raised along the entire meeting. Prof. Utz and the colleagues Tietmeyer, Kohler, Rémond and Schasching mentioned it: first, what does "to work" properly mean? And second, what does it mean that work should be paid? On the answers to these two fundamental questions depend the foundation of the right to work and also the different ways in which work is socially organized. In a prior intervention, for example, the colleague Ramirez stated that the right to work should be founded on the right to survive. The colleague Zampetti, on the contrary, stated that the right to work should be founded on the liberty granted by the political order. In this case, work must be considered as a sort of social warrant of liberty. As it may be seen, both arguments are totally different and they offer diverse foundations to the right to work. If one is right, the other ought to be wrong, or is there a superior synthesis of both foundations? How should the right to work be founded?

I think, it is still interesting and actual to use the distinction, proposed by Hannah Arendt in her book *The Human Condition*, between "work" and "labour", which she thinks corresponds to the classical Greek distinction between "praxis" and "poiesis". On the one hand, "labour" is the human activity that receives its value from its product, from what it creates, from the necessity it satisfies. On the other hand, "work" is the human activity that receives its value from itself, from the fact that it is done. Labour is mostly related to survival, and work, mostly related to liberty. With this distinction in mind we can ask ourselves why, until the beginning of modern times, activities worthy by themselves were unpaid? We can think in art, music, games, rites and religious activities. All of them were unpaid. On the contrary, the labour of the handicraftsmen and of all those who had a product to offer, were paid. Nevertheless, with the introduction of the monetary system, activities that were not formerly related to transactions, also began to be paid ("we may speak of intransitive activities"). We can find nowadays cases of the following type: a soccer player (Maradona) received one of the highest wages of the world. What does it mean? It is something extremely rare. Gameplayers were traditionally unpaid. Now, it is a high profit profession. Another example, this time from the "pop stars": Madonna. She also received a high salary. Could it be said that what Madonna and Maradona do represent typical "jobs"? One would be inclined to think that such a statement is an exaggeration. Notwithstanding, nowadays they are jobs. What is then going on? My response: When intransitive activities as well as transitive activities became payable,

the concept of labour actually changed. We can no longer speak about work only in relation to the jobs being offered to gain life, but also in relation to the particular creativity potential of every social activity, and more specifically, in relation to the expectation that it awakes.

Therefore, we may conclude that nowadays what is paid is not the product itself but the expectations any human activity brings about. Dr. Tietmeyer explained it very well. What society does is to bring the future to the present. One can expect that the soccer player will play in the future much better than he does now. He is not only paid for what he has done, but for the expectations he can awake about his future playing. The same occurs today in every economic activity. Economy lives from the future, not from what is actually done. This explains the important role of the financial system, then it has to warrant the stability of an unpredictable future.

The questions, what is properly the meaning of work, and what the meaning of paid work, are very profound ones, and I am not trying to respond to them now. I just wanted to raise them, because they are at the basis of the right to work. In one sense, we must speak about the right to survive. In an other sense, we must speak about the social guarantee to liberty, to do what someone wants to do, to generate an expectation about a future activity that is not related with survival. In the ongoing process of evolution of work, both aspects are related, but the discussions being held now tend to confuse them.

SUCHOCKA

You are pointing to the complexity of the notion of a right to work when account is taken of all aspects of work, particularly its structure with respect to all different kinds of activities, paid and unpaid. As I said at the beginning, we have indeed to redefine the words we are using. For example, the socialist doctrine was asserting that unpaid work was not really work. But should such a sharp distinction be made for a free-market economy? Certainly we need to reflect more on the definitions of work and right to work. It is a topic to be discussed in the future.

KOHLER

The rights language is highly problematic. Much of the way rights language has developed in the United States has left us with an image of the person as a sovereign, fully-autonomous being, without obligations to others. The Catholic tradition, of course, sees us as contingent beings, situated by obligations. So, that is one set of problems. A second set of problems, a little more concrete, is simply that this right to work can mean

various things. In the famous *Lochner* case, from the United States Supreme Court, the right to work was interpreted in a way to mean that any restriction on contractual freedom interfered with one's right to work; therefore, all protective legislation of any type was unconstitutional. We know also that some legal protections are counterproductive to employment. But, comparing the U.S. and the German situation, for example, one having very high legal protections, one having very low ones, we do not seem to find that legal protections really are determining so much the possibilities for work.

ZULU

Professor Suchocka's paper raises a lot of fundamental questions and the time probably alerts us to the desirability of our re-defining our research agenda. In a sense, we are reactive, because we are guided by certain experiences which are obtained under certain conditions, and not pro-active enough to anticipate problems in areas which are, in my language, not yet there. I mean, Northern Europe and Western Europe is there. In a sense, developing countries are not yet there.

Now, what do I mean? I believe there is a contradiction between the principle of a free market and distributive justice, or social justice. The right to work falls within distributive justice, and presupposes that there is work to be done. But someone must create that work, the capitalist or the investor. If then we are talking about distributive justice, it means that there is a cake to be distributed, and that we are arguing about the moment of distribution, that is access to work, as well as the sizes of the slices to be distributed. How much do we pay, assuming that the type of work we are talking about, is paid employment? That brings another set of problems.

But at what moment, do we say that the cake is there? Someone has to make a decision, and say there is a cake, and it has to be distributed equitably, one way or another, to the satisfaction of the capitalist, the investor, or the job giver — and the employee, the worker, who has a right to this employment. To what extent would that be tampering with the free market principles, assuming that empirically we agree that the cake has been there, and the distribution is possible, on the ground that the free markets, or the free marketers or the participants in the free market have created it?

Is there a middle road, or can we probably go back and re-draw our research agenda, and look into those nations and areas where the cake is not even there, that is, in developing countries? And that would take us into another vocabulary altogether. Before we reach the right to work, we probably have to set or reach conditions or preconditions which make this right to work a possibility. That is development.

SUCHOCKA

I may again come back to the difference between two worlds and two different systems of values: the system created in the Western world and the totally different one used in the Soviet world. When you propose that, before we discuss the right to work, we have to re-define such a notion as distributive or social justice, I have reservations. Indeed distributive justice in the Soviet system was a totally different thing than in Western countries. Now we can observe in post-communist countries a kind of nostalgia for this meaning of distributive justice which existed in the communist system. This is why, in our part of Europe, most of us rejected so strongly distributive justice. Maybe it was our fault. But in the beginning it was our need. And now we have, once again, to analyze what it means at the moment. I can only give you one example: when we now discuss on the very general principles to be inserted in the future Polish Constitution, a lot of people who were in opposition many years ago are against insertion of the principle of social justice, which still has a very strong connotation associating it to the Soviet system. So, using the same words, we are in totally different positions. It is our task, also here in the Academy, to find the common ground for further discussions so as not to be breathing and living in two different worlds

ZAMPETTI

Desidero intervenire perché il Professor Morande mi ha chiamato direttamente in causa. E di questo lo ringrazio.

È vero, io sostengo che il diritto al lavoro sia espressione del più ampio diritto di libertà. Colui che non ha un posto di lavoro non può essere considerato un uomo libero. Per questa ragione tale diritto non è alternativo al diritto di sopravvivenza. Il diritto di sopravvivenza si riconduce al principio di sussidiarietà che entra in un altro ordine di considerazioni. Io ritengo che la Professoressa Suchocka sia d'accordo con me nel sostenere che la sussidiarietà così intesa dovrebbe avere un carattere provvisorio, diversamente cadremmo nello statalismo. È provvisoria in attesa che venga trovato un nuovo posto di lavoro.

Invece il sistema socialista concepisce la sussidiarietà in senso assoluto e quasi definitivo. Giungendo a un concetto di solidarietà che paradossalmente assorbe la sussidiarietà. Lo Stato si sostituisce alla libera iniziativa delle imprese che invece deve essere incoraggiata perché produce ricchezza e quindi nuovi posti di lavoro.

Ora rivolgo alla Professoressa Suchocka la seguente domanda. L'articolo 2 della Costituzione italiana non parla di diritti sociali ma di formazioni

sociali. Le formazioni sociali sono i soggetti sociali, come ad esempio la famiglia e le varie comunità intermedie, cui si riconducono i diritti sociali. Ora quando si parla di istituzionalizzare il diritto al lavoro ci si riferisce al lavoro legato alle formazioni sociali o indipendente da esse? In altri termini si tratta di un lavoro individualisticamente o socialmente concepito?

SUCHOCKA

The Italian Constitution was one of the models for us when we started our constitutional discussions especially the chapter on the rights and freedoms of the citizens. The Italian Constitution was passed in 1947 or 1948 under the communist government; it is full of social guarantees for citizens. But, without a stable economic system, it could only be an empty word. We in Poland had to create a financial and economic ground for the social rights. We, members of the Constitution Committee, also thought that, as our country was going from a totalitarian system to a free market economy, people had to have the guarantee of social justice. It is indeed written in the Constitution of December 9, 1989.

At the moment, we don't have the subsidiarity principle as a constitutional principle; that is a big lack in our Constitution. As a general precept, subsidiarity could help us organize a democratic state instead of a strongly centralized state; we would then build the state from the bottom, not from the top, as opposed to what is done in totalitarian systems.

AVERINTSEV

May I say something in a very un-Academic way, in defence of Professor Suchocka, and of the thing so improperly named "shock therapy". It is possible to express it not in an economic or social theory, but only in a parable. Please imagine a human person imprisoned. This person being imprisoned doesn't know what is the situation outside. If this person has a possibility to escape, to go free, he or she may wonder: maybe it isn't wise; maybe it is better to be imprisoned, to have a bed and something to eat, and not to be a "clochard". But a truly human person will, however, take the possibility to escape free.

In Russia the most immoral features of our capitalism occur when our capitalists do not know whether or not they are still in a Soviet state; they therefore behave not as prudent persons, but as robots that must grab something and run away. We remember the so-called "new economic policy" at the time of Lenin, when the capitalist economy was practised in the communist state; it was later destroyed in one moment; people were sent to prisons, and their property was taken away.

I should also like to stress the danger of a communist restoration, which is underestimated. Some people are going to the West and telling fairy tales about themselves: "I am like Willy Brandt". And then they come back to their country where people see them with Stalin's portrait or something like that.

VI.

GENERAL DISCUSSION AND CONCLUSIONS

CONCLUDING DISCUSSION

Introduction by Father Schasching

Looking back at our discussions on "The Future of Work and the Work of the Future" I would like to summarise my impressions in the following way:

1. During our discussions there have been rather few direct references to the Catholic social teaching on work and labor. I have tried in my introductory paper to give a summary of this teaching but not with the intention that this teaching should also be the center of our discussion but serve as a background. I think this approach of our discussion was correct and should be kept in mind also for our coming meetings. Our Academy should not be satisfied with quotations of the Catholic social teaching but should insist much more on how this teaching can be applied to concrete situations and on how this teaching can be further developed.

2. Our discussions showed that they were still strongly oriented towards the problems of work and employment in the industrial countries and the countries in transition from a collective to a democratic system. The reason for this can be seen partly in the composition of the members of the Academy and partly in the program of this meeting. It became quite clear during our discussions that we have to enter much more into the problems of work and labor in the developing countries. It is a fact that also the official Catholic social teaching on the subject is primarily concerned with the industrial countries. Therefore, it has to be developed and extended to the developing countries. The Pontifical Academy of Social Sciences should keep this in mind during the coming meeting on work and employment.

3. The encyclical "*Laborem exercens*" contains many important statements in regard to the future of work and labor. But its basic assumption seems to be that we have to arrive at a society which is able to offer to everybody the possibility of employment in the traditional sense, in order to become more human in and through work and labor (n. 9).

Our discussions showed that this vision of full employment and

traditional jobs will not be possible for the future any more. Many propositions and examples have been given showing how a deep-going change is going on and what might be done in order to re-organise work and labour in an economy and society which are under the pressure of rapid technical innovations and globalisation of the market. These changes present a challenge to the Catholic social teaching. Could the Pontifical Academy of Social Sciences make some propositions in this regard?

4. In connection with the problem just mentioned, another issue came up during our discussions: that of the so-called unpaid work. Modern society is in great need of this type of work and it is a fact that already today a great amount of work is done without payment. But two questions came up among others during our discussion.

The first: Is this type of work accepted by the society, in the sense that it would give the same social status and esteem as the paid work? The second: Also the unpaid work is in need of a material basis, at least for quite a few participants. How can this be done? And what are the effects of such measures for the traditional labor market? Such and similar questions have been raised, but only partly been answered.

5. A special problem has been discussed after the paper of Mr. Tietmeyer on the international financial markets. This market has grown enormously in the past decades and it has a great influence upon the creation and destruction of jobs. Nobody denied the positive function of financial markets, but at the same time questions came up on how and by whom this market can and should be ordered and controlled? Some answers have been given, but many questions are still open. It was also mentioned that the Catholic social teaching is still in need of developing this problem further.

6. The question of solidarity came up again and again in our discussions. Without a new type of solidarity the problems of work and labour cannot be solved in a human way. This is especially important since the possibilities of effective action open to national governments become more and more limited.

It was mentioned that, in view of the future, collaboration of the social forces, especially capital and labor, would be of great importance and this would correspond at the same time to an application of the principle of subsidiarity.

7. A final remark: The Catholic social teaching, especially *Laborem exercens*, speaks several times about the ethics and spirituality of work. This aspect is hardly mentioned in secular publications. It has been mentioned

several times in our discussions that the Pontifical Academy of Social Sciences should reflect on this topic. It is certainly necessary to deepen the biblical and theological dimension of work, especially in view of the profound change in the meaning of work in the secularised societies.

Pope John Paul II stated in his encyclical *Laborem exercens* that work is the essential key to the modern social question. The Pontifical Academy of Social Sciences has taken up this challenge for a two-year program. The first session gave a large view of the economic, social and political dimensions of work and employment. The question comes up by itself: Will the second session be able to come to conclusions on two levels? On the level of scientific research: Could the Pontifical Academy formulate and initiate some very specific study-projects taking up suggestions made during this meeting or to be made during the next one? Who could carry out such projects, members of the Academy or other institutions?

On the second level: Could the Pontifical Academy formulate some propositions to the Holy See in regard to the development of the Catholic social teaching on work and employment (for instance in connection with a document of the Holy See on the year 2000)?

Observations by Msgr. Martin

I want to start with one fundamental point: this session was dedicated to the beginnings of a dialogue between the reflections that went on in the technical papers and the social teaching of the Church; it is an institutional and essential part of the activity of the Academy. The Pope himself situated the Academy, in an affirmation he made in *Centesimus annus*: "The Church enters into dialogue with the various disciplines concerned with man, assimilates what these disciplines have to contribute, and helps these disciplines to open themselves to a broader horizon". Thus the dialogue is part of the identity of the Academy.

It must have three functions. First, the social teaching must challenge your work. It must challenge the conclusions of the social sciences, not because it rejects the legitimate autonomy of each scientific discipline, but because certain fundamental presuppositions of your disciplines must, at times, be questioned. One example would be an individualistic understanding of the human person, and the consequences which this, at times, has in legal and economic theories. I was interested to read this morning a statement of a new United Nations document on the family, which says that the central principle of the organization of society is respect for the human

rights of the individual. And everything it says about the family is conditioned only about how the family can affect the individual, and how individual rights must be defined within the family. But it has missed the point of the real identity of the family. So, the social teaching must challenge some of the aspects, some of the presuppositions of the social sciences.

Then as the Pope says, the social teaching must assume, from the social sciences, the contributions that they make. In that way the social sciences sustain the social teaching and help it to apply its basic principles to evolving situations about which it needs to know and understand more.

A third element is very important and I think may not have come out sufficiently here. There is a way in which the social sciences challenge the social teaching; they put questions to the social teaching; they say: "you have not come up with an adequate response in your search to serve the human person. You have not come up with an adequate response to these new questions. Or you have misread situations, or you have given the wrong answers". This is an important part of our dialogue, which the Church must be attentive to.

I found the last discussion, on the right to work, was very interesting, because it touched the nature of the social and economic rights in general. These rights are programmatic in many ways; they are linked to the reflection on the social teaching of the Church.

I enjoyed thoroughly the lucid and down-to-earth analysis given to us by Professor Suchocka.

However, there is a danger in this lucid and down-to-earth analysis; namely, that we might be tempted to empty these rights of all contents, just because they have been ideologically misused. We should rather identify the inspiration of affirmations made about these rights in the social teachings of the Church, and also in some of the fundamental documents of the international community. We should identify where responsibilities concerning our rights to work lie. They are not a generalized guarantee of full employment for every person at every moment. They are rather indicating the responsibilities of governments to set out the conditions which will facilitate, through the initiatives and activity of civil society, that the aspiration of all people to contribute through their work can be realized.

Professor Arrow clearly points out that certain situations are untenable. High unemployment, with no social security and precariousness, is not an acceptable situation, not just because it may be politically explosive, but because it offends the dignity of the person since unemployed people are not able to realize themselves.

Just an example from my country. The Irish economy is a success story, but with a very high rate of unemployment. I come from a diocese in which

we have parishes where the level of male employment is 70%. That is a situation where the Irish economy has failed. It is just an example showing why we must be careful, when there have been ideological misuses of phrases, not to lose sight of their inspiration.

Prof. Suchocka explained very clearly how, at times, too many legislative norms may actually damage the possibility of wider employment. In this connection I may come back to a comment of Prof. Sabourin about the international conventions. It is true that we have worked out a broad series of international conventions. He mentioned 150. Indeed, at the World Summit on Social Development in Copenhagen last year, even from governments of the developed world, there were reticences about applying all conventions of the International Labour Organization. We could also look at, for example, the whole question of these conventions and norms for social protection in the Asian economies, which again are at times presented as other success stories.

Take the other theme that we have developed very much, the one of re-defining the concept of work and the concept of labour. I have assisted at many meetings and conferences on this subject. And it can be as boring and as unrealistic as the discussions on the right to work. We make these affirmations, but when you begin to try and develop these in a realistic way, to say that paid work may become the privilege of a smaller and smaller group is one thing. But people work to live. They work to earn their bread and butter, they work to earn and support their family. An idealistic vision of different forms of work is very nice, but it must take into consideration that one needs to live, and that other factors will have to be taken into consideration, in order to guarantee that right. For example, if you take the question of unpaid labour — can we quantify the contribution that unpaid labour makes to society? Can we quantify the contribution that it makes to the economy? If we do that, what are the consequences? How exactly should this change our understanding of this type of work?

I would also say that, when we talk about the social and the economic recognition of various forms of unpaid labour, we should be careful to have a very broad definition of this, taking into account culture, and all socially productive work, not just speaking about the role of women in the home. There is a danger that, reading texts coming from this Academy, people might say: "This is just another invention of the Roman Catholic Church to keep women in the family, and keep them out of the labour force".

I must now very briefly mention three other major questions: Firstly, how do you guarantee security in a labour situation which is becoming more flexible and precarious? This, I think, would be a problem in every economy.

Secondly, the question of the trade unions: how can the Church be today present in solidarity with workers? How can she so be, in a manner as effective as it was one hundred years ago, but addressing the problems of today? How can she encourage those who represent workers to be present in the concrete situation of today?

And finally, the big question of the non-Western societies, which we did not touch adequately at all. This would include also Asia, which we have not stressed. It would also include the African countries. The question which Father Schasching drew attention to: how can we introduce norms or practices which guarantee ethical behaviour in the international financial markets, in the way we have done it for our national financial markets, showing that ethical behaviour is essential for the market to function? But on an international level it is more difficult. And also, how can we see that the very poorest economies can be inserted into the process of globalization? What measures are needed to guarantee that this can take place, so that poor countries do become real partners on a global horizon?

Open Discussion

MCNALLY

I have been distressed at the lack of discussion on development. For us in Africa, development comes before these other problems. We wish we were developed enough to have these problems.

We are concerned in Africa about "donor fatigue". It is necessary to study how best to direct development assistance, how to understand the culture of the recipients. I believe the United Nations is launching a new Development Programme for Africa, aiming at sustainable growth. It would be excellent if we could make some useful and encouraging contribution to the discussion on this subject.

So let us discuss development as item No 1, and then perhaps the moral role of capital markets, the changing role of trade unions, the place of women in the market place and the home, and the meaning of the right to work.

ARCHER

All of this week, listening to these excellent papers, I have been asking myself one question. We all, if we are honest, go to many conferences where we hear many excellent papers. We are not short of forums of this kind.

This, to me, should be a special forum devoted to a special task. And that special task is to initiate dialogue, and to continue in dialogue with the social teachings of the Church. If we do not do this, we might as well go to our own disciplinary congresses. So what I have been trying to do, in listening to what has been said, and also what has not been said all week, is to try to define certain meeting points.

These meeting points to me are the way forward, they are the "*raison d'être*" of this Pontifical Academy, and I would simply like to share with you four of these points at the interface between the two, which seem to me to have emerged this week, and to merit further exploration.

The first one is a very simple challenge to the social teaching of the Church. Simple in a sense that it asks it to take its doctrine seriously, literally, and comprehensively. If that doctrine asserts that the activity of working is necessary to the realization of our common humanity, then that is a universal statement. It must be applicable to all. Not just to man. Not just to white man. Not just to white Western man. It must be a global statement. And therefore I think the first challenge of that statement or social doctrine, is how can it be operationalized vis-à-vis those categories who do not have the capacity for self-fulfilment through work, i.e. women, increasingly the old (and the old are getting younger as well as older, if I can be paradoxical about it, for they are retiring earlier, and therefore our aged population is actually both younger and older) and obviously, as Doctor McNally has just said, those who do not, in developing countries, even have the privilege of debating such problems yet. So, that would be to me the first challenge.

If this statement is true, and I hold it to be true, then how can we extend it to all? And in extending it, quite rightly it has been pointed out, it is very simple to make hortative or ethical exhortations. We can all talk about the right to work. Yet it means nothing if you cannot deliver it. In many ways, what has been interesting this week, is that state intervention, even the welfare state, has taken some hard knocks. There has been quite a viral, robust defence of market mechanisms, and yet I would imagine that even the strongest defenders of the liberal free market would nevertheless accept the need to define that population, that part of the population, which can never be subject to market mechanisms, which can never compete on the open market, which can never realize itself as human beings through work, through market competition because they're handicapped, because they are mentally incapable, because they're chronically sick, and for a whole series of other reasons. Therefore, I think that the second area it might be worth building upon is to try to define, even within the free market context, those categories where some kind of minimalistic protection

is going to be needed for those sections of the population who never can be competitors, and to define some kind of work that lies within their capacities, in order to realize themselves, too, as human beings. And there are many interesting experiments that you all know about, of this kind.

Thirdly, one of the most important aspects of Father Schasching's paper, which I think we have not discussed sufficiently, or at least I would like to have heard more discussion on it, concerns what exactly we mean by the "culture of work". It is a very nice phrase, and I think it means some very important things. First and foremost perhaps, it means something about the quality of working relationships, and this relates back to the whole adulation, in some ways, of the free market. There are some qualities of working relationships that simply cannot be subject to productivity indicators. We find the incursion of productivity indicators into wholly inappropriate areas like education, hospitals or social services. I think there is a good job for us to do here: evaluating how far the intrusion of talk about productivity into areas which are dealing with care is appropriate or inappropriate.

And finally, the last point, I agree it is only too easy to say, "let us enlarge this concept of work to include voluntary work and unpaid work of various kinds". But perhaps one of the things that has emerged from the mass of statistics that we have had in front of us is that what we really need to pay more attention to is a life-cycle approach. If the duration of employment in any particular job is, as one paper quoted to us, approximately four years, if people including women move in and out of productive employment and voluntary work, we need to take on board the whole notion not of the 19th century career ladder, where you stayed in the same firm you joined for 40 years, slowly moving up the rungs of the ladder, but in an entirely different cyclical conception of life. In this I would like us to include consecrated life, and cases where lay people are moving in and out of voluntary contracts in the Third World and in the First World. In this sense, we would be, I think, doing something more constructive than simply saying voluntary work is work too. We would actually be building it in to the work trajectory, which will become more and more characteristic of more and more people.

ZAMPETTI

Devo rilevare al termine dei nostri lavori che, grazie anche alla relazione iniziale di Padre Schasching, sia emerso un punto di vista fondamentale: l'importanza della dottrina sociale della Chiesa nel corso dei dibattiti. Siamo, mi si consenta l'analogia, come una orchestra costituita da tanti suonatori con strumenti diversi. Siamo in rodaggio, come aveva sostenuto il Card. Sodano nella sua omelia prima dell'inizio dei lavori. Dobbiamo

accordarci. Orbene, il punto di accordo o di raccordo è proprio costituito dai principi della dottrina sociale della Chiesa, la quale (e questo è il secondo punto che vorrei rimarcare) è fondata sul concetto di uomo-persona. Per esso l'uomo ha una natura sociale che si riverbera sulla società intera che, pertanto, è autonoma rispetto allo Stato. Si tratta in questa prospettiva di imprimere alla società uno sviluppo del tutto nuovo, che però deve essere debitamente articolato e strutturato.

Finora ha dominato una concezione individualistica nel rapporto tra l'uomo e lo Stato. Ecco perché certi problemi sono stati considerati in una maniera inadeguata, insufficiente.

Prendiamo proprio la nozione di lavoro che è l'oggetto delle nostre riflessioni. Lo consideriamo a se stante avulso, oppure inserito nella società in cui viviamo? Analizziamo da questo profilo il lavoro e la famiglia. Si è parlato prima di lavoro retribuito e di lavoro non retribuito. Il lavoro della donna casalinga è certamente un lavoro produttivo non retribuito, che, paradossalmente fa il "pendant" con il lavoro improduttivo che è retribuito. Questi sono problemi molto importanti. Se non è produttivo il lavoro della madre di famiglia che forma le coscienze, e contribuisce così in maniera determinante alla formazione del capitale umano, io non saprei allora che cosa sia il lavoro produttivo.

Mi permetto fare queste riflessioni per dimostrare che i concetti non possono essere estrapolati dalla società in cui viviamo, ma sono profondamente inseriti nella medesima. Dobbiamo farli emergere per articolare sempre meglio intorno ad essi il tessuto della società. Per esempio la retribuzione del lavoro non può essere considerata in funzione dell'uomo come singolo. Essa pertanto varia a seconda del contesto familiare in cui vive. La famiglia è infatti la cellula della società. L'occidente industrializzato ha depotenziato la famiglia che per alcuni sociologi è addirittura retrocessa al rango di cellula dell'individuo. È una assurdità che spiega la crisi dei valori nell'intero occidente.

Il concetto di famiglia ci permette di allargare l'ambito delle nostre analisi che vanno estese in particolare ai paesi in via di sviluppo dove la famiglia ha una grande rilevanza. Questo ci permetterà di delineare un nuovo concetto di sviluppo (e mi riferisco a quello che ha detto il Prof. McNally) che assume in queste dimensioni una valenza molto più ampia del concetto di sviluppo finora inteso in senso ritretto, come sviluppo economico soltanto.

Siamo al momento del bilancio. Abbiamo visto come sia difficile risolvere i problemi dell'occupazione nei vari paesi. Nell'ovest abbiamo la crisi del modello di sviluppo imperniato sullo Stato assistenziale, nell'est dopo il crollo del comunismo, non si è ancora delineata la strada da seguire. Le riflessioni della Prof. Suchocka sono state chiare e significative.

Se ci fermiamo alle posizioni attuali sembra quasi impossibile trovare una soluzione. Dobbiamo cercare una strada nuova e diversa che ravvisi nella società il punto imprescindibile di riferimento. Una società che si sviluppi e organizzi autonomamente con l'aiuto dello Stato e non con la sostituzione dello Stato alla società, come spesso è avvenuto e avviene. Sviluppando le ricerche e le analisi in questa direzione avremo modo di constatare direttamente e sperimentalmente che la dottrina sociale della Chiesa è la vera ed unica alternativa alla crisi ideologica sia dell'Est sia dell'Ovest. Grazie.

ZACHER

I have two very different points to make. The one goes back to an earlier statement by Father Schasching. He brought up the subject of *spontaneous solidarity* and also said: "This requires a long phase of habituation — a society in which solidarity has grown". He then cited the readiness to donate for Bosnia as an example. To this I would like to add, and perhaps counter — I cannot judge precisely which — that solidarity cannot only exist in such a spontaneous form. No community can manage on spontaneous solidarity *alone*. Solidarity must also be thought of as a background for the legal order. Much of what goes to form the legal and State-administered order in our welfare States is *also* an expression of solidarity. The point at issue cannot *always* be whether individuals possess the spontaneity to act in solidarity. Of course, it is vital that the public at large — that is, the democratic or the governing majority — exercise such solidarity. However, we cannot say that solidarity can only be rendered on a voluntary basis. It must be possible to demand it. Indeed, this has always held true for the Catholic social doctrine, too. It is my belief that *demanding solidarity* is, moreover, of especially great importance to the post-communist countries, about which there has been so much discussion. After all, they cannot wait for solidarity to emerge until two generations have grown up and — perhaps — have come to accept solidarity as a matter of course. One must strive to get solidarity off the ground with the help of the legal order, one must be ahead of it.

However, I have another quite different point to make: namely, I wish to look back upon the days we have spent here. I have asked myself whether the many impulses we have received during the past few days, the many remarkable, miscellaneous details and also the principal insights we have gained, have been viewed in a sufficiently comprehensive perspective. I believe that everything we have contributed in terms of knowledge and all the new things we have learned essentially boil down to a diagnosis, but,

above all, to a profound irritation about what work actually is and how one is to make a living from it. This irritation is embedded in a complex structure of phenomena and causes. In "Western" countries, the question as to the position of families and women regarding work has become an increasingly problematic one. In some countries, however, it is regarded as solved — in either one way or the other. We are faced with what was referred to in the 1980s as the individualization debate, based on the idea that the individual living in the welfare State should be allowed to organize his or her life as uniquely as possible and entirely at will, and that the welfare State must be flexible enough to tolerate that. And we are faced with technological developments that have generated a high rate of return on work, flanked by fundamental changes in working processes and new products resulting from that work. And we, in the welfare States, are faced with the diminishing flexibility of the factor *labour* which, on the one hand, facilitates, in social terms, the adjustment of labour to changes (a point on which high hopes were set especially for the post-communist countries) and, on the other, also impedes such adjustment. Other distinctions are coupled to historical and geographical aspects.

Then there are the problems concerning the post-communist countries; they confront all of us, but, naturally, above all the people living in those countries with unexpected, unprecedented questions. There are the — meanwhile — "classic" problems concerning the developing countries. And there are the rapidly expanding new dimensions of work in what were recently still referred to as the "threshold" countries and must now be called the "newly industrialized" countries. What we are witnessing there is the emergence of an entirely new type of non-Western industrial society about whose peculiar nature we still know far too little.

All these changes are now coinciding with each other as a result of the fact that history has bridged two chasms — the chasm between the First and the Second World, and the chasm between the First and the Third World. All of a sudden we have the "one world"! All the irritations I have attempted to outline are now flowing together in a manner never experienced before and have found expression in the demand for a new global labour order. Here we are, faced with *two* fundamentally different, yet profoundly interdependent *questions*. The *first* is: *What will work look like* in the future, and *how much* of this work will then be available? It is both a qualitative and a quantitative question. We must not only view it in the sense of a diagnosis, but also in the sense of a therapy. At the moment, I will only apply myself to the issue of *how much* work there is likely to be, and how it is to be distributed. This is the most pressing dilemma. If such distribution is to take place on the basis of legislation, i.e. through the State,

or even by way of collective agreements, we run the risk of not being able to organize work in freedom. After all, a top-down redistribution of work is difficult to reconcile with the idea of freedom. Moreover, such redistribution entails the danger that it will not only anticipate developments as they are bound to come, but will anticipate them in the wrong way. For we must base our actions on forecasts, and these forecasts may prove to be wrong.

It is for this reason that I believe we are inevitably faced with the *other* question: the question about the *natural balance* which determines the *right measure* and the *right distribution of work*. For me this point was depicted very convincingly in the paper held by our President, Professor Malinvaud. It is to be expected that a balance will be re-established between what a society can pay for work and how much work, i.e. gainful employment, is possible. We will have to wait for this balance to materialize and must prepare ourselves for this future.

And if we want to prepare ourselves for this future, we come back to the *question of what work is going to look like*. This answer will, in part, likewise be of a purely factual nature, because societal developments always tend to be founded largely on fact. Yet here, too, *we* certainly have normative tasks to fulfil. We must ask ourselves how the problems which face the family and women in respect of work should be solved and how social services and the family should relate to one another.

How should we prepare ourselves for all this and thereby pay due regard to empirical experience, yet also to normative elements — i.e. the values embodied in the Catholic social doctrine or simply the values of mankind and human society? And how can such action be specifically right for the “Western” world, the post-communist countries of Central and Eastern Europe, the “classic” developing countries and the newly industrialized countries alike? We must strive to get a proper perspective on what is common to all of them without neglecting their inherent diversity.

UTZ

Aber ich rechne das Schlußwort nicht als “Langwort” ein. Ich wollt’ nur eines sagen: Wir sind an einem Punkt angelangt, wo wir festgestellt haben, daß wir den bezahlten Arbeitsmarkt nicht behandeln dürfen, wenn wir nicht den unbezahlten Arbeitsmarkt mit ins Blickfeld nehmen. Warum sollen wir jetzt da nicht weitermachen und uns einmal überlegen: Wie sieht jetzt nun die Gesellschafts- und die Wirtschaftsordnung für ein solches Programm aus? Denn wir müssen an die Familie denken. Wir müssen hier klug vorgehen, wie Monsignor Martin ja auch gesagt hat, wir werden ja die

Frauen an einen anderen Ort hinstellen. Nicht wahr, das ist klar, in dieser Politik, wenn wir da die Arbeit anders definieren, werden wir natürlich auch der Frau einen gewissen Raum zugeben, der auch ihr gerecht wird, ohne daß wir sagen, sie soll in die Familie eingeschlossen werden. Es wird sich dann auch ergeben, daß die "collective bargaining" geändert werden, denn das ist eine Folge von der neuen Ordnung. Also an sich wären wir jetzt daran, von der sozialen Marktwirtschaft, die es nicht geschafft hat, eine neue Schattierung aufzuweisen, um zu zeigen, vom katholischen Standpunkt aus, gibt es eine folgende, grundsätzliche Gesellschafts- und Wirtschaftsordnung. Das würde mir am meisten behagen. Aber am Schluß nur das als Wunsch.

ARROW

I restrict my remarks to advanced countries and to paid labour. This is not to deny the importance of other topics. Paid labour is important as the source of the ability to survive in today's economy. I would like to make five points.

(1) One might get the impression from the discussion that economics teaches that nothing can be done about unemployment, even though no one has said this explicitly. That is not the case. But economics has not been able to analyze fully the existence and persistence of large-scale unemployment, and we must confess our ignorance. Our typical theories permit only the existence of frictional unemployment. We can sometimes say that some proposed policies will not in fact reduce unemployment and sometimes that policies which will reduce unemployment will have other consequences we do not wish. For example, nothing I say will reflect on the special problems of shock therapy in economic transition. There are a very special set of circumstances there in the change in decision-making and control, which might necessitate unemployment among other transitional costs. These circumstances are not applicable to the persistent unemployment of Western Europe.

(2) We must take very seriously the moral and welfare implications of unemployment, as reflected in Catholic social thought, for example, in His Holiness' address to us yesterday. The market is an instrument, not an end, while employment is an end. The market is a very powerful instrument, and power, of course, does not always imply good. The market is by and large a force for good, but it can have unfortunate consequences in individual cases.

Even within the purely economic sphere, prolonged unemployment has many unfortunate effects on the production of goods that are available to people. To be a good worker requires investment, not only human capital as

it is usually conceived but also habits of work and making commitments for the future. Work is not a short-term relation between employer and worker. Economists in the last thirty years have given more emphasis to the importance of durable relations and the gains (and losses) that accompany them. Workers will not prepare themselves psychologically or educationally if the employment that results from these efforts is uncertain, just as employers will not invest if they are facing unstable prices or political uncertainty.

Not only the general level of unemployment but also the stability of the employment relation with a particular firm can affect productivity. There are relations within a firm which are productive in the most concrete everyday sense and which will not be built up if the worker considers that he may be laid off soon.

(3) There is one class of policies that must be rejected, and that is the policies which proceed by restriction. The idea that there is only a fixed amount of output, so that increased productivity reduces employment, is simply wrong. We have had more than two hundred years of rising productivity, first in Great Britain and then elsewhere, and we have not had rising unemployment. We must not stifle innovation or foreign competition. A recent study has shown that privatization in advanced countries had led to a considerable increase in productivity and, on the average, no loss in jobs. Instead, output has increased.

One example of a restrictive policy widespread in Europe though not in the United States, is early retirement. This policy is perverse in its effects. To finance early retirement, payroll taxes must rise, so that the cost of labour rises, and unemployment rises. To support our increasing old-aged population, we need more output, and one source is having workers at useful jobs longer, that is, increase the retirement age. The United States is already committed to this policy.

(4) One of the seductive advantages of the market is that it reduces the need for making policy at all. Policies can be erroneous; by leaving things to the market, we have some automatic corrective mechanisms. (This does not mean that the market does not reflect human volition, but it does so at the individual level). But we recognize universally the need for some collective economic decisions, certainly monetary policy and possibly other stabilization policies. These decisions are vested in the nation-state.

Let me be clear. The big tides of globalization are not going to be resisted. But like other water flows they can be modified. Both the United States and Europe have had great floods in recent years. That does not mean that building dikes is useless in guiding and mitigating the consequences. So there is also room for policies which will temper the consequences of global changes to the individual country.

(5) Suppose it is granted that there is room for policy. Are there any policies which will do any good?

One observation is that unemployment is always differentially larger among the less educated. This suggests that increasing the amount of education — today this means increasing higher education — may help.

Second, there is room for both fiscal and monetary policy. They cannot change the long-run movements, but they can alter the short-term fluctuations, and after all the long run is a succession of short runs.

Third, we want to reduce the fixed costs of employment. As shown in the appendix to Dr. Tietmeyer's paper, among the factors that contribute to Europe's unemployment problem is the fact that, between the extremely high minimum wage and payroll taxes, employment of the less productive is especially taxed.

Fourth, there are other policies sometimes discussed by economists, like wage subsidies. These should follow general rules and be integrated into the tax system, not paid to employers.

Fifth, unemployment benefits are not a cure for unemployment but they are a matter of social justice. If we are saying that the health of the economy depends on the presence of unemployment, it is certainly wrong that the price of that benefit should be paid by the unemployed. The beneficiaries of unemployment are those who are employed; as a moral and a practical matter, they have to bear this burden. Many of us argued early in the transition that unemployment benefits were important to reduce resistance to the necessary changes. Unemployment benefits promote the necessary mobility of labour. As an additional benefit, the benefits stimulate purchasing power and therefore reduce unemployment.

LLACH

Mis reflexiones apuntan no tanto a las conclusiones de esta sesión, sino pensando en posibles temas para la próxima sesión. Yo creo que estamos viviendo, evidentemente, una época nueva, pero que no la hemos todavía registrado lo suficiente. Pensando en los textos de la doctrina social de la Iglesia, uno recuerda la caracterización de los efectos de la revolución industrial en la Encíclica *Rerum novarum*, luego uno recuerda los textos (me refiero sobre todo al diagnóstico de la realidad) en *Mater et Magistra* y en *Populorum progressio* referidos a la época del optimismo sobre el desarrollo económico, y, finalmente, varias de las encíclicas de Juan Pablo II, con un fuerte énfasis en, por ejemplo, los temas de la crisis del comunismo.

Sin embargo, yo creo que nos está faltando, y aquí en la Academia,

concretamente, una caracterización adecuada de lo que es esta nueva época. Se demandó por allí la necesidad de un nuevo lenguaje, y yo creo que es cierto, pero un nuevo lenguaje implica nuevos conceptos, y ni siquiera tenemos nombre para esta nueva época, pero que sin embargo existe. Esa época tiene características tanto negativas como positivas. Mi impresión es que, en general, mismo en estas sesiones, a veces tiende a ponerse énfasis excesivo en los aspectos negativos de esta nueva época. Por ejemplo, concretamente: se ha mencionado mucho que no se hace referencia a los países en desarrollo. Sin embargo, una característica de esta nueva época es que, desde hace quince años, por lo menos, los países en desarrollo vienen creciendo sistemáticamente más que los países desarrollados. No obstante eso, todavía repetimos, como herencia de otras épocas, la creciente desigualdad entre el norte y el sur, que yo creo que ya es muy dudoso que esto esté ocurriendo.

Entonces, yo creo que es muy importante que en la próxima sesión de la Academia tengamos un contacto más universal con toda la realidad que está ocurriendo en el mundo, en particular en los países en desarrollo, también en los países desarrollados. Por ejemplo, Asia, que tiene tres quintos, más o menos, de la población mundial, está aquí virtualmente ausente. Y lo que está pasando en Asia, con su crecimiento económico, es algo que no está presente en nuestro discurso, no está presente. Ya no es Japón, que en realidad es un país estancado desde hace cinco años, sino diez, doce, quince países de Asia ... Ayer le pedí a mi colega Sabourin un trabajo que él ha hecho, porque ha estado recientemente en Vietnam y en Camboya, por ejemplo, y lo estuve empezando a leer y esa descripción de lo que es Vietnam hoy en día, como un país con un enorme potencial de crecimiento ... Todo eso está ausente. Entonces, yo creo que tendríamos que tener, ya sea directamente por nosotros, o por expertos invitados, buenos diagnósticos de las realidades en un escenario mucho más amplio, que incluya Europa, América del Norte, pero también Asia, América Latina, África, que yo creo que está en una situación completamente diferente.

Centrado siempre, yo diría ahora quizás mas, en el tema del empleo que en el del desempleo, en el tema del trabajo en general, pago, no pago, "full-time", "part-time", ocasional, permanente, etcétera, porque evidentemente una segunda característica que uno podría mencionar de esta época es que el paradigma del empleo permanente y sobre bases "full-time", o sea con dedicación exclusiva, es un paradigma que ha entrado en crisis, y probablemente de una manera definitiva, es decir, probablemente es un paradigma que ya no va a caracterizar el mundo del trabajo, de quien más.

Yo creo que todo eso lo tenemos que conocer más de cerca, por

ejemplo, también una tercera característica de esta nueva época que apareció, sí, en estas sesiones, pero que requiere un análisis más profundo, que es todo lo que está ocurriendo dentro de las firmas, dentro de las empresas: las relaciones laborales hoy en día están cambiando de manera substancial, no tienen absolutamente nada que ver con las de la sociedad industrial propiamente dicha, son totalmente diferentes. Muchas veces por lo positivo: también con aspectos negativos, pero con muchos aspectos positivos. Entonces, yo creo que estos diagnósticos nuevos, de estas realidades nuevas, con éxitos y con fracasos, tenemos que conocerlas mucho más de cerca, y no tener ningún reparo en invitar, yo diría, o por lo menos leer entre nosotros, personas con enorme experiencia en lo que son los cambios en el mundo de la empresa hoy en día, ¿no es cierto? Porque eso, yo creo que nos va a dar un diagnóstico completamente nuevo de cuál es verdaderamente la característica de esta época, que tiene también como signo el problema del desempleo, como problema serio, grave, preocupante, y al que hay que darle respuestas, pero que no es la única característica.

También creo que nos tenemos que aproximar más a la problemática del trabajo, en sentido amplio, en algunos grupos de la sociedad — se ha mencionado, concretamente, el caso de las mujeres: yo creo que es otra característica de esta nueva época el hecho de que la división del trabajo entre la familia y el mercado está cambiando de manera muy acelerada, con muchos aspectos positivos, también con aspectos negativos. Esto ha aparecido en esta sesión, pero creo que todavía requiere un análisis adicional. Yo leía, por ejemplo, el documento de esta reunión que se hizo sobre la familia, recientemente aquí, en el Vaticano, que es sumamente interesante, y que tiene una cantidad de reflexiones muy pertinentes para nuestro trabajo en relación con el tema precisamente del trabajo.

Por último, diría que, junto a este sumergirse en estas nuevas realidades, que yo creo que nos falta hacerlo, también sería bueno contar con una nueva fenomenología del trabajo humano en sus aspectos no solamente descriptivos de lo económico o lo sociológico, sino también de lo filosófico, e inclusive de lo teológico, pero creo que esta nueva visión de este nuevo mundo es lo que debería, principalmente, centrar nuestro trabajo en la próxima sesión. Muchas gracias.

GLENDON

At the intersection between Professor Arrow's and Professor Llach's comments is a great dilemma for law and policy makers. Professor Arrow, towards the end, raised the question of whether there are policies that work, and Professor Llach reminds us of the imperfect state of our knowledge, and of the omnipresence of change. Legal and political decisions

have to be made in a shifting context on the basis of imperfect information. Under such circumstances, one wonders how to “do no harm”, especially since regulation so often entails unintended and unforeseen indirect effects. The best way, as Professor Arrow implies, is to proceed by trying to find out what is already in place that works, or, in the alternative, to try small-scale pilot programs.

In that connection, we are finally beginning to understand the limits of the ordinary notion of law as command, and to recognize the need to think about two other aspects of law, that have been neglected both in theory and in legislative practice: law as setting conditions and law as setting goals.

First, an alternative to laissez-faire on the one hand, and direct top-down regulation on the other hand, is a kind of law that some legal theorists call “reflexive law”. This is law that is directed toward establishing frameworks that promote innovation and creativity, rather than directing outcomes from on high. In the specific context of labour, laws that promote collective bargaining would be an example of reflexive law, as distinct from laws that subject wages, hours, and working conditions to heavy state regulation.

The second kind of law that merits more attention is the sort of law that establishes what Mrs. Suchocka referred to as “programmatic rights”, the rights to work, education, health care and so on, that one finds in international documents and in many post-World War II constitutions. Some regard these aspirational rights as illusory or useless because they are not directly enforceable. But they do serve to provide a kind of normative framework for legislative and political decision-making.

Moving from law to culture, I want to suggest that in our next session we should address the question of *respect for all legitimate types of work*. We have touched on this problem under the headings of “women’s work” and “unpaid work” and “work and family”. What needs attention is that we have entered a new era where the experience of past generations offers little guidance. We have to think about the problems not only in the usual legal and economic categories, but in terms of the *value* that our societies place on paid and unpaid labour. The concern is, in this new age, that there is growing disrespect for the labour that women and men perform in raising children, disdain for the condition of being dependent, and indifference to the circumstances of the men and women who do most of the world’s work.

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