

What Happened

by John Kenneth Galbraith

Anyone who foresees a decline in tension between capital and labor, employer and employee, is intellectually suspect, and so it has been for a long while. The class conflict is part of our cultural heritage. Moreover, in the last two centuries a great many employers have proclaimed fulsomely a new era of good feeling in their labor relations. Many thereafter have been burned in effigy by their employees, who have regretted only the need for a surrogate.

The claim of reactionary politicians that they have eliminated labor strife, and the claim of reactionary philosophers that the interests of the worker are being cared for by God, have added similarly to the bad reputation of the prophet of labor peace.

It is in this obdurate environment that I find myself today. I am about to argue that labor-management relations have undergone a fundamental change in the heartland of the modern industrial system—the area of the large industrial corporation. The effect is to limit and even dissolve conflict where we are most accus-

tomed to expect it. The classical class struggle at the center of our industrial life is a dwindling phenomenon. But those who feel that without conflict life would be unduly dull should be of good cheer. As tension diminishes in this part of the society, it burgeons in others.

Tension diminishes in that part of the industrial economy where large corporations bargain with strong unions. This is the classical area of conflict—that part, indeed, where socialists of a half century ago would have foreseen the ultimate facedown between capital and labor. The reason lies not with the mellowing of the trade unions, the tendency of the union with passing years to become senile as some would suggest. Unions, like all other institutions, have a life design; they are certainly not the same when old as when young. But the relevant changes occur in the corporation—and in the economy itself. Four changes have a claim on our attention.

There is, first, the transmigration of power within the corporation itself. To a point this is not subject to dispute. Power

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to the Class Struggle?

has been passing from the owner to the manager, from the capitalist to the corporate bureaucrat. Capitalist goals are sharply juxtaposed to those of labor. Both capitalist and worker want revenue; speaking broadly, both want the same revenue. This is a condition well calculated to induce conflict. One should not make complicated what has a simple clarity of line.

With the passage of power to the corporate bureaucracy, to what I have called the technostucture, the conflict is a good deal less stark. In degree the technostucture has the choice between allocating revenue to stockholders and to labor. There are risks of disturbance to the technostucture in underpaying the stockholder. Up to a certain size they risk a takeover. But there are also risks of disturbance in under-rewarding the unions. Peace is worth paying for.

Additionally, the goals of the corporate bureaucracy are less opposed to those of labor than to those of corporate capitalism. Growth, bringing new opportunity, promotion, prestige, and higher pay is what best rewards the technostucture.

Concern for growth thus modifies the concern for profit maximization. In reliability of employment, opportunity for overtime and even, in degree, opportunity for advancement, corporate growth also rewards the worker in a way that profits do not.

The second factor reducing conflict is technology. This has numerous mitigating effects. Blue-collar are replaced with white-collar workers. White-collar workers identify themselves with the firm and do not organize. (The number of white-collar workers in the United States almost 15 years ago overtook the number in the blue-collar working force and is, of course, now far greater.) And technology converts many of the blue-collar workers who remain to sedentary operatives sitting at a console. Identification tends to be with the machine and the process rather than with a fellow working stiff. All of these changes reduce the militancy of the worker and the union man and also the number who are available to be militant. We have here a probable reason why a fair number of highly technical firms—IBM, the advanced electronic enterprises serving the Penta-

gon, and NASA—are not even organized.

Third, we have the effect of general affluence. This may not make people less interested in income. But for the worker it does increase mobility and enlarge alternatives. For the worker who is dependent as a matter of life and death on his job, the union is the alternative to something only marginally superior to slavery. (The difference between starvation and a whip for compelling toil, as I have argued elsewhere, is mostly a matter of taste.) The compelled worker clings desperately to his union, suffers for it, rises angrily to its cause and command. It, literally, guarantees what liberty he has. The affluent worker is not similarly so driven.

Fourth and finally and most important, the Keynesian context has greatly reduced the role of the union. I need not emphasize the stress that this system places upon high employment and economic growth. Underwriting such employment and growth is a high and reliable level of aggregate demand. In the industrially developed part of the Keynesian economy, firms are large. This is a normal aspect of capital intensive production with high technology. Such firms exercise extensive control over prices; stable price and cost parameters are a requirement of highly technical, highly capitalist production. If demand is strong and reliable, differences between firm and union can usually be resolved by meeting the union demand and passing along the resulting price increase to the public. On occasion some company situation or policy will lead to resistance and a strike. The recent General Electric dispute is a case in point, but, I think, an exceptional one. Or the wage and price increase may be opposed under public pressure because it is against public policy—because it is inflationary. And this can also lead to strikes. But a wage dispute that involves public policy invokes the government or the society, not the employer, as the antagonist. It is not a conflict in the context of the classical class struggle. Nor does it raise temperatures as does a struggle over profits. The latter is a zero sum game; what one side wins the other loses. A conflict in the context of high demand and employment

can leave both the employee and employer better off than before and often does.

There is a considerable vested interest in the classical labor/employer confrontation. It is something we understand; our perceptions of social matters are not so numerous that we can let go easily of those we have. The unions that deal with the large firms resist any notion that they are less vital, less embattled, that they live less dangerously than, say, half a century ago. Men concerned with labor relations do not wish to seem less heroic than their precursors. Yet the conclusion is inescapable. In the heartland of the industrial system—in the automobile, steel, non-ferrous metal, rubber, chemical, oil, petrochemical, and large-scale consumer product industries—industrial conflict has been extensively dissolved or absorbed by the system. Much as it may be regretted, it will never be the same again.

But although conflict has been greatly reduced in this part of the economic society it has reappeared or been intensified in other parts of the society. But this is not all. The very process by which tension has been absorbed in the heart of the industrial society has brought about an increase in tension elsewhere. It has exported its problem to other parts of the economy. This is a development, I venture to think, of first-rate importance. To it I now turn.

The heartland of the industrial system resolves its differences at high employment by raising prices—by passing the cost of settlement along to the public. This is to say, the cost is passed along to the public employee, the pensioner and, less dramatically, to the white-collar worker in the private sector of the economy. These all live under the price pressures emanating from the heart of the system. And there is here no similarly easy solution. There is no equally easy way by which the teacher, patrolman, fireman, civil servant can have an amicable negotiation with his employer and then pass the cost along to someone public. In relation to the taxpayer it is a zero-sum game. In recent years by far the most rapid in-

crease in trade-union membership has been in the public sector. And, farm workers apart, it has been the most important area of trade-union militancy. In very large measure, this has been the result of the method by which tension has been reduced in the industrial sector.

There continues to be a feeling that unions in the public sector of the economy are somehow less legitimate than in the private sector. And there is a stronger belief, reinforced generally by law, that if they exist they should not strike. These attitudes are obsolete—and also socially damaging—and also unjust. We reduce tension in the industrial sector by passing the cost to these people. And we say it is improper, even unpatriotic for them to react. And this attitude is exceedingly damaging to the public interest. For if the public services cannot act on their own behalf their compensation will fall ever further behind. And good manpower, skills, and talent will not be attracted to these services. Schools, law enforcement, municipal services, other government services, will suffer in consequence. And this is not hypothetical. They have already suffered for precisely this reason. Few things, it seems to me, are now socially so necessary as strong trade-union organization in the public services. And organizations, except in the most extreme cases, should not be denied the use of any bargaining instrument in their own behalf. Far better occasional teachers' strikes than no teachers. Far better an occasional garbage collectors' strike than no garbage collectors. If we deny the right to strike to policemen and firemen it should only be because we have made manifestly certain that they do not need it. For here too the difference to the public between a strike and a situation in which policemen and firemen cannot be hired will eventually become rather theoretical. To thieves and arsonists it will be even more academic.

The industrial heartland does not export its tensions only to the public sector. All whose incomes respond slowly are in some degree recipients. This has something to do with the middle-class, middle-income *malaise* of our time. And in the case of both the public sector and the

white-collar community it raises important questions about larger economic policy. For why should we cause trouble here by the way we settle disputes in the industrial sector?

This line of thought suggests that even at the cost of some trouble, even anguish, in the industrial heartland we should stop this export of tension (and inflation) to the rest of the economy. I believe we should. And I believe that sooner or later we will admit the need to do so. It means some system of wage and price restraint wherever strong unions bargain with strong employers in a strong market. Though many countries now accept it, the notion of an organized system of wage and price restraint is still greatly resisted by the present Administration. In part this responds to the power, including the power of suggestion, of the large corporations and the unions. They do not need it. In part the resistance is theological. There is reluctance to admit the decline of the market. This concedes economic sin. There is aversion to recognizing the role of the modern corporation and the modern union in wage and price determination. This concedes further wickedness. There is the belief, as I have elsewhere said, that God is a conservative gentleman who will not let His side down. There is the undying faith of the modern high church economist in macroeconomic measures—in fiscal or monetary policy.

This belief that fiscal and monetary policy can reconcile high employment with price stability, a belief asserted against all the force of both experience and logic, will be counted without question the most unforgivable error of the present generation of American economists. Until we agree on substituting some mechanism of public price determination of wages and prices—which I do not think need be very complicated—for unhampered determination by corporations and unions, the strongest parts of the economy will continue to export their tensions to the weakest. Or they will be kept from doing so by yet greater social injustice. That, of course, is recession and unemployment with even more damaging implications for the weaker members of the community.

One further form of conflict is replacing the classical class struggle. It is of a very different sort.

The modern industrial heartland is highly technical, highly organized, and highly planned. It has, in consequence, a large and insistent demand for highly qualified people. This talent, not the supply of capital, not workers skilled or unskilled, diligent or otherwise, has become the touchstone of industrial success. It has brought into being everywhere in the industrial world a very large educational establishment. There is, I think, no real doubt as to the cause and effect. When capital was vital for industry we multiplied banks and savings institutions. The educational system supplied unlettered proletarians. Now that industry needs educated men, we marvel at our enlightenment.

But the ethic of the modern educational system has not yet been successfully accommodated to that of the industrial society. That ethic sets store by personality and independent thought. It celebrates the sovereignty of the individual in markets and equally in the political process. The industrial system is, in contrast, highly organized, highly bureaucratic. And so is the state that, in considerable measure, sustains it. The ethic of the industrial heartland requires the individual it has called into existence to subordinate his personality to the goals of organization and the truths of organization—to the goals and truths of General Motors, General Dynamics, and the generals who comprise the Joint Chiefs.

Here we have the foundations of the conflict that is replacing the class struggle. It comes to sharpest focus, not surprisingly, in the universities but has far wider implications. Not having to do with money, men who are identified with the classical class struggle think it frivolous, even adolescent. This is the particular and natural reaction of many unions. It is not frivolous.

The form and dimensions of this conflict—of personality with organization, of individuals with what they believe to be bureaucratic arrogance or matters ranging from environment to weaponry—is still

far from clear. Its ultimate resolution is even less so. I am beginning to believe that it may eventually involve some retreat from some of the rewards of massive industrial organization—a decision, if personality is to be expressed, to subordinate or abandon some of our concern for more goods, more production, a higher standard of living. The price of an unremitting pursuit of these we may one day decide is too high to pay.

But this conflict I must, for the purposes of this article at least, put out on the plate and leave. Let me insist only as to its reality. It is not the passing neurosis of a few people in the universities. In one form or another it is the crisis of all the industrial countries. More immediately, I am persuaded, it is going to involve a very sharp reaction to bureaucratic power and bureaucratic arrogance especially as these are expressed by the large industrial corporation and its public allies. The political effort to assert other values, to protect the individual against organization, to curb organization power, to frustrate bureaucratic convenience in the private sector as in the public, will be central to our public debate and our political effort for a long time. Those who fear that life in the advanced industrial society is becoming too peaceful should relax. There is, I think, no danger.

But let me content myself with a summary reminder of two more immediate points. The industrial system eases its tension by shifting it to the public employee and to the white-collar worker. Let us be certain that we do not keep the public employee simply because he is so valuable, from defending himself and defending therewith recruitment for the services he renders. And beyond this let us cease to solve problems of labor relations in one part of the economy by exporting inflation and tension to the rest. Let us accept that no combination of conventional economic policy with prayer and incantation reconciles high employment with price stability, in what I have called the industrial heartland. There will be a price-wage or a wage-price spiral. Having recognized this and the damage that results, let us be practical and act accordingly. ■

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Spocklash: Age, Sex, Revolution

by Philip E. Slater

A curious event of the late Sixties was the popularity of the film, "The Graduate," the viewing of which became almost a ritual for a wide spectrum of middle-class youth, who went to see it over and over. It was a brilliant film, constructed almost entirely of movie clichés, but many middle-aged reviewers were disturbed by its fusion of satire and naïve romanticism. With the intolerance for ambiguity that characterizes both the generation and the genre, some critics attempted either to maintain that it was really all satire, or to dismiss it as basically callow.

The satire is largely associated with the more modern aspects of the film, reflecting intergenerational hostility, its sources and consequences. But the heart of the film is its celebration of the old American dream of love triumphant over culture. One might even say that it is a revival and a reformation of that Dream.

Like Christianity, the Dream has always borne an almost antithetical relation to the everyday life of the society in which it is embedded, yet has still managed to dominate attitudes and even behavior within certain limited spheres. And like Christianity, the Dream became tarnished by this peculiar position in which it found itself.

Mike Nichols, the director of the film, was thus the Martin Luther of the Dream, reviving it and purifying it; clarifying, through satire, its ambiguous relation to the total culture, and restoring its original naïve form. It is of no consequence that the hero and his bride will become corrupted as time goes by. What is important is that the confrontation has taken place and Love has won, however briefly. "The Graduate," like its paler predecessors, is a ritual of purification and cleansing, a celebration of that Dream.

Philip E. Slater is chairman of the Sociology Department at Brandeis University. This article is excerpted from his book, *The Pursuit of Loneliness—American Culture at the Breaking Point*, to be published in April by Beacon Press. © 1970 Philip E. Slater