

Trade Unions and Technology Transfer

Union concerns about the effect of technology itself, investment flows and their consequences, distribution of economic resources

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Technology transfer has a number of different aspects and operates in a variety of differing ways both between countries and indeed within countries.

The trade union interest in the transfer of technology similarly has a number of different aspects and I shall draw your attention to these aspects, relate them to each other and, in particular, to draw out some important underlying themes.

There are three main areas of trade union interest which I want to identify. First, there is the concern with the technology itself in the workplace and in the strategy of the enterprise. In so far as technology transfer implies changed working conditions, effects—or potential effects—on employment levels and job content, or even more widely on the development of the employing organization, then trade unionists and their representatives have an interest in seeking to be involved in the process of change.

Second, for the British trade union movement there is concern with investment flows, inward and outward, and the consequences of these flows for the structure and international competitiveness of British industry. By structure, I don't mean only the range of sectors in which economic activity is carried out. What is equally important is the depth of that activity: from R&D to marketing.

Third, and not unconnected, is the concern at the wider distribution of economic strength and resources between the developed and the developing world: the North-South balance, which is crucially affected by technology transfer.

Within each of these areas there are hard issues and choices for the trade union movement and they are ones which we have confronted in developing our policies at the relevant levels within individual unions, at the national level and, through our affiliations to bodies such as the European Trade Union Confederation, the International Confederation of Free Trade Unions and the Trade Union Advisory Committee to the OECD, at the international level. I should like now to outline some key elements of those policies as they relate to the subject matter of this conference.

On the question of technological change itself, it is a

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matter of the greatest regret that after the considerable amount of solid and constructive work carried out by the Trade Union Congress (TUC) over the last few years so many should prefer to ignore this in favor of facile and unfounded charges of "Luddism."

Nearly three years ago when public interest — and indeed concern — at the prospect of rapid change based on microelectronic and information technology was

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sparked off the TUC was ahead of most groups in society at taking an initiative. The first visible result of that initiative was the report, unanimously endorsed by the 1979 Congress on Employment and Technology. That report set out the movement's analysis of the nature of technologies which would be most prevalent in the years ahead, the changes in prospect and the requirements on government policies, trade union strategies, and employers' responses to ensure that the costs of change were minimized and the benefits maximized and equitably distributed.

Recognition

In analysis we have recognized that we live in a competitive world economy and that our industries and services must adapt to the latest techniques available. That is why the terms on which that adaptation occurs is so important. There are very real fears and worries concerning the potential for loss of jobs from technological change. Equally we have no doubt but that the most damaging result for our economy would be from a failure to innovate more accurately, I should say a continuation of the long-established conservatism and lack of innovation on the part of so many companies.

That much perhaps is common ground. What does not appear to be common ground is that while government and employers tend to see that as the end of the story, we see it as the beginning. All the interesting questions start from there. It is fundamental to the view of our movement that technological change is not a deterministic process. There is no one, unique and predetermined outcome of the process in terms of job levels, job content, productivity, work organization or output. The result depends to a very high degree on the manner in which the change is effected and the economic and social background against which it is carried out. Our policies and approach on both of these aspects is very clear and I should like to set them out in turn.

We have advocated a participative approach toward technological change based on the concept of New Technology Agreements. We have set out a checklist of

points for negotiators on reaching such agreements, and through the trade union education system launched a massive program of case studies, exchange of experience and best practice to support this approach.

The argument for agreement on new technology is a straightforward one. Without an equitable distribution of the benefits of technology there will be no way of securing the confidence of workers in the process of change. And direct involvement in that process is a prerequisite for establishing that equity and establishing a sense of "security in change" rather than forcing people back into corners from which the only escape is to see "security against change."

Dealing with the introduction of new equipment and systems in the work place is of course nothing new to trade unions. The point about the New Technology Agreement approach, however, is that it seeks to widen that involvement, achieve it at earlier stages and on the basis of improvements in inter-union machinery at plant and company level.

A point that I would emphasize is that negotiations on the introduction of new technology into work places have already demonstrated quite clearly the range of different outcomes that can result. Whether it has been word processors, CAD systems or CNC machine tools, job levels, job content, skill levels and payments can be positively affected by trade union action. Nor is this surprising in view of the degree of uncertainty—of indeterminacy—which surrounds these developments.

Now of course there are some who hold up their hands in horror at this approach. (There are many more who recognize that it is a fairly straightforward description of good industrial relations practice). The critics claim that attempts to reach an agreed solution on technological change will slow decision making down, entrench vested interests or remove the competitive edge.

Status Quo

On the contrary, however, the reduction of uncertainty can only be beneficial. Status quo clauses, which exist in many parts of industry, enable union representatives to ensure that change is not pushed through before agreement is reached on terms. The New Technology Agreement concept is designed to turn status quo or mutuality clauses into more positive provisions. Thus, reverting to my earlier point, we are trying to establish continuing involvement in, and discussion of, all aspects of change. This must surely be seen as preferable to the alternative of arriving at an impasse after all the crucial decisions have been taken.

Yes, such an approach entails a trade union voice in matters which, inside many organizations, are considered to lie in the realm of the manager and the technical expert. All the relevant issues are raised: from systematic and early disclosure of information, to training and retraining, agreed plans on employment and output, health and safety, hours of work and machinery to review progress. That larger and earlier involvement is, however, the counterpart of establishing confidence in a continuing process of technological change.

It is also, I would suggest, something which provides opportunities. For in transferring technology you are not only introducing into work places the means by which output will be manufactured. You are also helping to

shape the working lives of the work force. And it is interesting to note that a number of Scandinavian manufacturers of office and manufacturing equipment are now advertising their goods on the basis of its acceptability to workers. You do not discover whether equipment is acceptable to workers without first asking them, and then responding to their answers.

It is important to recognize of course that by no means all the issues and problems which affect the work place can be tackled and solved at that level. That was why we made determined efforts to draw up a joint statement, setting out agreed principles on the handling of technological change, with the CBI. Indeed, the respective NEDC representatives of the TUC and the CBI did agree to the text of such a statement. We put the document to our Congress last September and it was endorsed. Unhappily, the backwoodsmen of the CBI had their day of triumph and their Grand Council threw it out. So I don't believe that the trade union movement can be castigated for having a negative or unconstructive attitude.

Rather, I think, the boot is on the other foot. When we produced the Employment and Technology report we warned that the government had a critical responsibility for determining the atmosphere within which technological change would take place. In the absence of economic growth the danger would be that the productivity increases associated with technological advance would be expressed in even more unemployment rather than greater output and living standards: the enforced idleness of the dole queue rather than wider spread of genuine leisure time. Tragically, events since then have shown how true this statement was.

Public Service

We also called for a major expansion of the public services — as a direct contribution to job redeployment, because they provide many of the elements — such as training — which technological change requires, and as a vehicle for distributing the benefits of technological change across the whole community. Sadly, that too is an area in which we have seen regression rather than advance over the last two years.

Above all, however, we emphasized the need for technological trends to benefit British industry, because otherwise it would be futile to expect enthusiasm or anything like it from British workers. Now I know that this raises a number of problematic issues with which this gathering will be only too familiar. What do we mean by British industry? Do we mean British owned? Or British based?

There are clearly definitional problems. Equally clearly, however, there are specific cases which arise from time to time — and in fact with increasing frequency — which show up the real issues. Indeed, the TUC's Economic Committee had occasion recently to examine two such cases: ICL and GEC's Marconi Radar Company. On both cases we are in the process of making strong representations to the government urging respectively a lasting solution to ICL's underlying weaknesses so as to strengthen Britain's strategically important computer and information technology industries, and a commitment from the Ministry of Defense not to cancel the Navy's contract with Marconi for radar systems in favor of a Dutch competitor.

Interestingly, the Marconi case throws up, in the following quotation, the thought which would guide the trade union movement's answer to the question, what do you mean by British industry? The quotation reads as follows: "*The aim is to encourage companies to undertake as much economic activity as possible — from R&D to exporting — in this country*".

The source of that quotation is a Department of Industry memorandum on public purchasing submitted to a meeting of the Sector Working Party for Electronic Capital Equipment, (it covers radar), which is taking place as I speak. The trade union members of the SWP will, I'm sure, be fascinated to see how that policy is reconciled with the reports that Marconi's contract, on which millions of pounds have been committed in design, R&D and manufacture, is to be cancelled.

The point which I wish to draw out of these considerations relates to the second theme which I outlined at the beginning. In analyzing technology flows, whether based on licensing, turnkey plants, direct investment, R&D contracts, cooperative production agreements or joint ventures, the question asked by trade unionists is twofold. First, what is the result in terms of levels of economic activity? Second what is the impact on the depth and strength of the country's industrial structure?

Thus, we would oppose technology shifts which resulted in loss of R&D activity and which left a sector as little more than a glorified assembly line because that would fundamentally weaken our future ability to grow and develop.

Welcome Investment

We welcome inward investment so long as it is not merely a cover for seizing a dealership network and making off with the scientific expertise. In many cases the work of many of the SWPs, as a result of pressure from trade union members, has led to drawing up codes of practice on multinational inward investment; (the Computer SWP is an excellent example). These stress the need for domestic sourcing wherever possible and look to generate the maximum "knock on" and secondary effects.

Of course our attitude to outward investment must also be set out. Levels of U.K. investment have slumped dramatically — from a baseline, moreover, which reflected the country's poor long-run performance relative to other countries. In those circumstances workers in companies whose performance could be improved and strengthened by investment programs are bound to question closely decisions to invest overseas instead. When that investment takes the form of technology transfer leading to a strengthening of competitor countries' performances that questioning will be the more intense.

It does not follow from this that the trade union movement is anti-trade, still less that it is anti-development. Our commitment to and advocacy of the Brandt Report has been consistent and strong.

The TUC has fully supported the development of the North/South dialogue and communicated that support to the government. Currently, we are drawing our affiliated unions' attention to a Statement of Intent endorsed by a recent ICFTU World Conference on the trade union role in development. That statement sets out the main

elements of a Global Program for Balanced Development.

This includes a call for a genuine transfer of technology to the South by both bilateral and multilateral measures in order to build up a large-scale investment in labor-intensive production and a much greater emphasis in developing countries on programs to satisfy basic needs and invest in human development, as well as increased industrial and agricultural output, with the objective of bringing about self-sustaining growth and large-scale job creation. A third element of the program which I will mention here as being relevant to my argument is the need for coordinated measures by industrialized countries to bring about full employment, growth in real incomes, higher official development assistance, structural adjustment to the new pattern of world trade and the control of inflation.

This is essential. For my point is that the trade union movement does not share the naive view of some that the free interplay of market forces alone will produce flows of investment and technology leading to balanced development and adjustment.

Feedback Effects

Let me illustrate this with reference to a recent OECD study, "North/South Technology Transfer: The Adjustments Ahead." The report concludes that the net feedback effects on OECD countries of transfer to developing countries have been positive as a whole. They have been positive at the aggregate level in terms of trade, in terms of employment, and in terms of the prices of goods available to consumers in the industrialized nations.

However, the report amply demonstrates that the "gross" effects — the impact on individual industries or regions — have been very unevenly distributed among industrial activities in the U.K. and it shows the need for positive and rigorous intervention to create a process of adjustment within the country which leads to net benefit rather than the cumulative decline and the widening of regional disparities which we can currently see.

Such positive intervention is the more vital when we recognize that we do not live in a world of autonomous, small-scale, perfectly competitive units. Consideration of technology transfer throws into sharp relief the leading role of the huge transnational corporation in shaping the development and structure of the world economy. It has been our contention over the years — and one for which there is substantial and growing support — that a much higher degree of accountability is required concerning the activities of TNCs. That is why we have actively campaigned for and supported the creation and implementation of codes of conduct at the ILO, the OECD, the U.N. and most recently the imaginative proposal by the European Commission for a directive on information and consultation rights for workers in TNCs and companies with complex structures.

From this point I can, again, bring out the main theme of my paper. We support codes of conduct for TNCs on the same basis that we seek an agreed approach to technological change; on the same basis that we critically analyze investment and technology flows; on the same basis that we support the recommendations of the Brandt Report. On the same basis we question whether the technology transferred to the countries of the South is necessarily the most appropriate — for their own

economic and social development and for the development of the world economy as a whole.

That basis is not one of a negative approach to industrial and technological change. It is on the contrary a desire to see a genuinely beneficial process of growth, balanced development, adjustment and restructuring. The achievement of this, however, requires both firm government commitment and support, nationally and internationally, and the fullest involvement of workers

and their unions. That involvement is the prerequisite for avoiding feelings of insecurity in the face of transnational corporate power, eliminating the fragmentation and alienation of workers and bringing them out of the corners into which the recession, intensified by destructive economic and industrial relations policies, risks driving them. Only when workers — whether in the U.K., the other industrialized countries, or the developing world — have that opportunity will it be possible to move forward on the basis of consent.