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A VENEZUELAN MODEL OF
CODETERMINATION

By

Ricardo Jimenez

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ABSTRACT

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Ricardo Jimenez

"Codetermination" in the form of worker participation in decision-making at all levels of business, and as a social and political principle is a theory being discussed by many in Labor and Industrial Relations. Union and political leaders in Venezuela have proposed such a system for their country as a humanitarian approach to Venezuela's economic, political and social needs.

Using Dunlop's definition of the actor and structure of a codetermination system, this thesis analyzes relevant factors in Venezuela, to determine into what context codetermination would be introduced there. It is found that the system is feasible, with proper education and cooperation; the key role of personnel manager is redefined for this system.

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I. INTRODUCTION

A. Statement of the Problem

The fundamental objective of this study is to introduce as viable for Venezuela, a new theory of management relations, the theory of codetermination, previously unpracticed in Venezuelan Labor and Industrial Relations. "Codetermination" will mean for us, most briefly, "workers share decision-making power on all levels, on an equal basis with management, rendering to staff and management equal influence over organizational policies."

From the advent of industrial enterprises in modern society to the present, changes have been taking place in their structure and organization as a result of the renovation of mean of production, which was characterized, in its initial phases, by the use of machines and subsequently by automation.

In conjunction with the technological advances and changes in organizational structure, the relations between workers and enterprises have undergone continuous evolution. Within this framework, we find increasing participation of workers in the administration of the businesses. This participation currently encompasses a great variety of forms: codetermination in West Germany, worker's councils in France and Belgium, and worker self-management in Yugoslavia. Likewise, worker participation in business administration has been analyzed in diverse ways according to different ideological viewpoints. From the revolutionary perspective, capitalist

strategy is to implement worker participation to create an illusion of social justice; worker participation exerts no influence on the structure of capitalism and has, moreover, lead to the weakening of class consciousness among workers.

In the case of Venezuela, with its particular socio-political characteristics, such as its brief experience with democracy, worker-management relations have been progressively evolving in the area of worker rights. Social legislation has been passed by Venezuelan congress and collective bargaining instituted, effecting a beginning toward better living and working conditions. These mechanisms have not been fully developed; they are not applied in all business enterprises and they are fundamentally economic--social concerns which figure minimally, for instance, in the collective bargaining contracts.

Observing these advances in the country's labor relations, we find before us the possibility of a significant transformation in this area, which could be brought about by implementing the feasibility a worker codetermination bill, the feasibility of which will be the focus of this study. The arousal of worker interest in this is explained by economic, social, political and ideological conditions in Venezuela. This study outlines each of these conditions, in an attempt to reconstruct the specific environment in which the proposed codetermination model would be introduced.

The proposal for a new codetermination system among unions, workers and owners is a tremendous challenge for

Industrial Relations in Venezuela. The actors in this new system must alter their traditional roles, which have developed through the years in favor of worker participation in the decision-making process and equal worker representation on board of directors of enterprise. More particularly, the proposal supposes a modification in current union structures and a substantial change in the power relationship between employer and employee. Other questions are addressed, such as whether Venezuelan workers will be adequately educated to significantly contribute to worker interest as members of directing boards, and how will the personnel manager's role change under a new system of codetermination?

To address such various and related concerns, we focus on the actors: enterprise, represented by FEDECAMARAS (Federation of Commerce); the worker actors, represented by the four worker federations, C.T.V., C.O.D.E.S.A., C.G.T., and C.U.T.V.; and the political parties with legislative representation. In analyzing the positions of the actors, we hope to discover whether or not a program for codetermination has the potential for trilateral agreement required for implementing the codetermination model.

The discussion of our thesis that codetermination as defined is a viable system for Venezuelan labor and industrial relations is organized into chapters: the first presents specific questions for study; the second introduces methodological devices in our investigation of codetermination, in particular Professor John Dunlop's conception of the roles

of actors in industrial relations systems; the third discusses the history of codetermination, especially as practiced in West Germany, and what relation the German system bears to Venezuela; the fourth chapter provides a critical description of the Venezuelan economy, its political and social context and the important part unions have played in the past and present political environment, in particular as they ally themselves to various political parties; chapter five establishes a frame of reference for a proposed bill before the legislature which would introduce codetermination in Venezuela--we discuss the model's characteristics and philosophy and relate it to the actors who would function within the model; followed by a brief conclusion, chapter six is a forecast of this codetermination model in Venezuela, in particular as it relates to the new role of the manager and to the importance of adequately educating workers in their new role as decision-maker at all levels of labor and industrial relations.

II. METHODOLOGICAL ASPECTS

A. Research Design

The central focus of this investigation is the participation of workers in an organization's decision-making processes. The framework for discussion is: John Dunlop's theory of participating groups for all industrial relations systems.

The theoretical framework can be described succinctly: workers, employers and the state are "actors" within a model fitted to the overall structure of the system; all the actors (and their ideologies) interact with the system and are influenced by it.

In October 1980, the Congress of the Confederacion de Trabajadores de Venezuela (Confederation of Venezuelan Workers or CTV) approved the development and implementation of mutual decision-making as a goal for the worker class. The surge of interest in codetermination (participation in and responsibility for a company's decisions, as mutually agreed upon by employers and employees), is tied to economic, social, political and ideological interests. This paper examines the viability of the project, as well as its influence on change; just such a study is important for Venezuela, now and in the future, and could form a new model for all of industrial relations.

As of this writing (1983), no model for codetermination exists in Venezuela. The proposal for its implementation has come from the unions; it is still being discussed and no

decision has been made as to which codetermination model to follow, nor have major plans been drawn up to study the various approaches. Open discussions and debate between individuals and groups has been ample. Manuel Penalver* has written that the VIIIth Congress proposed a new model for economic development. Simultaneously, CTV itself launched its own model of what role the unions should have in this new national economic development.¹ Penalver adds that CTV's proposal would establish a new economic and social order, a new economic development scheme, and an administrative judicial reform that would bring the state's institutions up to acceptable levels.

Worker codetermination is a way in which the worker class can intervene in production with responsibility and efficiency, so that production has a just social orientation, without forgetting the complexities which companies face in the capitalist system in terms of profits.²

This is important for the future of the industrial relations system, especially for the actors involved, as Dunlop has mentioned, since a model as radical as this implies an enormous change in the structure and participation of unions as their members take an active role in the decision-making process. It would also change the traditional relationship between employer and employee.

Thus this study concentrates on the actors in the socio-economic aspects of the Venezuelan case--the employer, represented by FEDECAMARAS (Federation of Chambers of Commerce);

* Secretary General of Democratic Action Party.

the worker, represented by the biggest central unions: CTV (Confederation of Venezuelan Workers), CODESA (Democratic Confederation of Autonomous Unions), and CUTV (Unified Confederation of Venezuelan Workers); and each of the country's large political parties. It analyzes the positions these actors have in the codetermination project, as well as how various ideologies act, through political parties and the unions, to shape the consensus required for enacting codetermination--or whether, indeed, enough of a consensus exists to make CTV's plans for codetermination practical at this time.

1. Conceptual Classification

There is no agreed upon term in the literature for the concept of codetermination. It is a concept usually found under the heading "Industrial Democracy." The confusion is aggravated by the fact that terms used in one language are sometimes difficult to translate meaningfully into another.³ For instance, the following terms all refer to the same object:

participatory management; employee representation;
joint district councils; joint industrial councils;
joint production committees; work councils; workshop
councils; work control; comite d'entreprise; co-
determination; self-management.

Another term used is "participative decision-making." Anron Lowin's definition is one of the clearest: "By participative decision-making, we mean a mode of organizational operations in which decisions as to activities are arrived at by the

very persons who are to execute these decisions."⁴

These definitions are products of the politics, ideologies, and points of view various social analysts have on the subject. This lack of agreement shows that research on worker participation is unstructured; it also reflects the fact that various countries have different worker participation requirements.⁵ Furthermore, the terms industrial democracy, participative democracy, workers' participation, and codetermination sometimes do not have the same meaning for employees and employers. One must see an individual term or word in the context of rights and duties granted by each country's constitution, collective agreements, and industrial practices. Kolvenbach:

This confusion can also be found in the literature of the late Sixties and early Seventies. It is only since the middle of the Seventies that 'workers-participation in decision-making processes' is being understood as participation of workers by having 'worker directors' as members of the board of directors of companies.⁶

In this work, the term "worker codetermination" will be used. The origin of the phrase--Mitbestimmung--is quoted by Professor Lyon-Caen, who believes the word is entirely untranslatable,⁷ and in each country, the word acquires a new meaning. For example, in Spanish speaking countries, the phrase is "Cogestion obrera". The english phrase defines "codetermination" such that workers share decision-making power on an equal basis with management, rendering to staff and management equal influence over organizational policies. Codetermination, therefore, pertains exclusively to worker

influence at high levels of the organization. It is in this sense that the term is used here.

2. Industrial Relations System: Humanitarian Approach

For some authors, the area of social relations in industry exerts a profound influence on worker codetermination.⁸ The best known of these writers is Dunlop; his Industrial Relations Systems (1958) focuses on what he terms the "network of rules" which governs the workplace and the community. The character of these rules and the manner in which they are formulated, administered and altered have been the object of serious study in recent years. Dunlop defined the notion of a system of industrial relations more clearly than previous authors: "The full range of rule-making governing the workplace is. . . central to an industrial relations system."⁹

This analysis, developed by Flanders, has contributed much to a renewal of explicit theoretical debate in British industrial relations. "A system of industrial relations," he argues, "is a system of rules. . .

these rules appear in different guises: in legislation and in statutory orders; in trade union regulations; in collective agreements and in arbitrations' awards; in social conventions; in managerial decisions; and in accepted 'custom and practice'. This list is by no means exhaustive, but 'rules' is the only generic description that can be given to these various instruments of regulations. In other words, the subject deals with certain regulated or institutionalized relationships in industry.¹⁰

From this, one can extract certain characteristics or

norms which can be applied to any type of industrial relations system, it is traditional or codeterminational. However, each system of rules and each production system, whether capitalist or socialist, has a special industrial relations "environment." Dunlop states, "While national industrial relations systems can be compared by this type of analysis, there are also unique industrial relations systems in particular industries country by country."¹¹

Dunlop's Industrialism and Industrial Man Reconsidered, provides concepts which coincide with various aspects of industrial relations. An example is the continuity of the original ideas; along with his colleagues, Dunlop emphasizes that as industrialization proceeds systems of industrial relations become increasingly tripartite, dividing into the state, management and labor.¹² The author is indebted to Adolf Sturmathal's work on industrial relations systems.¹³

Humanistic Approach

The present work places codetermination within the humanistic model of industrial relations, an orientation shared by many. Ursula Engelen-Kefer, Chief of Division-Executive Board, German Confederation of Trade Unions (DGB), states, "In fact, humanization of work is not as new a concern as its topicality might suggest, and the improvement of conditions of work has of course long been a major focus of both national and international trade union activities and social policy."¹⁴

Professor Christos Jecchinis mentions several theorists and experts (Herzberg, Argyris, Ukut and others), defining codetermination's humanitarian as well as utilitarian motives, with a plea for worker participation in management.¹⁵

Construction of the model should be as simple as possible; one component at a time is examined. This model agrees with Paul Bernstein's:

1. The first necessity is that the organization be viable, that functionally and economically it can sustain itself through time. This means it must be profit-making over the average of a reasonable length of time. . . And it means that the system of governance, too, must have its own viability, it must have a self-reinforcing, self-sustaining (cybernetic) character.
2. That the organization be 'democratic', i.e., that it be run in such a way that meaningful participation in decision-making is consistently available to each member (at least within his area of competence and concern), and that top decisions and decision-makers are ultimately accountable to and removable by the working membership.
3. A 'humanistic' standard, which we defined to mean that the functioning of the organization not be at the expense of its members, fundamentally alienating them, consistently manipulating them or dehumanizing them, and it does not subordinate them to the status of material factors.¹⁶

These three points are presented as a model for codetermination. Union leadership equates the humanization of work with the freedom of workers from unjustified demands, dependency, alienation, and lack of self-determination in the production process, and a refusal to adapt men to so-called functional techno-economic requirements. Thus Unions can use their influence to combine humanization with a democratization of the working life via collective solidarity.

Bernstein discovered that to specify as precisely as possible the democratic criterion involves the further criterion of humanization as it is now conceived.¹⁷ He states further that six components have emerged which satisfy the stipulated conditions. Evidence has shown that democratization (humanization) decays or a crisis occurs when any of the components is missing. The six minimally necessary components are:

1. Participation in decision-making whether direct or by elected representation.
2. Frequent feedback of economic results to all employees.
3. Full sharing with employees of management-level information and, to an increasing extent, management-level expertise.
4. Guaranteed individual rights (corresponding, it turns out, to the basic political liberties).
5. An independent board of appeal in case of dispute (composed of peers, as far as possible).
6. A particular set of attitudes and values (type of consciousness).¹⁸

These components are all present in any industrial democracy, but more so in the codetermination systems where the law guarantees the rights of the worker.

3. Methodology and Strategy

This paper's analysis takes place on two levels. First, a survey is made of the literature from 1970 to 1983 describing the theoretical framework of the model and its practical application since its origins. Since codetermination has meaning only in implementation, and since it has been

practically applied only in West Germany, this existent system has been analyzed for possible adaptation in Venezuela. Comparisons between Venezuelan unionism and the German model will be made, including remarks on the achievements and problems of the German model.

Second, is a review of the Venezuelan literature, including books, magazine and newspaper articles, and written reviews of forums, congresses, seminars and investigative studies done by universities and institutions of social studies in Venezuela.

How national and international political doctrines affect the union-management relationship will be discussed, including their influence on the actors; how the actors shape the political-economic model will also be examined. It is hoped by this author that the model investigated here, drawn from Dunlop, will be implemented in the Venezuelan political-economic scene through either legislation or collective bargaining. The model has been introduced to debate among unions, political parties and business associations through the efforts of CTV, the largest labor union in Venezuela, and with the backing of the Accion Democrata (Democratic Action--AD) political party.

Premises and Norms of the System

Dunlop's work has four basic premises:

1. Each community which becomes industrialized independent of politics creates workers and employers.

2. The status of these workers and employers is defined in greater detail.
3. The National State can not ignore this vital relationship.
4. Industrial societies necessarily create industrial relations, defined as the complex relationship between employers, workers and government organisms.¹⁹

Therefore, the concept of an industrial relations system is introduced, such that common and specific problems and solutions will always exist in the workplace which are different from other aspects of social behavior.²⁰

Structure of the Industrial Relations System

It is considered that an industrial relations system in whatever moment of its development is formed by certain actors, certain contexts, and ideology which maintains a unified system and a body of rules created to govern the actors in the workplace and in the labor community.²¹

a. The Actors in a System

The actors in an industrial relations system are:

- A hierarchy of employers and their organizations (formal and informal);
- A hierarchy of workers and their organizations (formal and informal);
- Specialized governmental organisms.

The hierarchies of employers and workers raise rights and duties, attitudes and norms of behavior of the working relationship. These are related to the third actor in the sense that the latter is interested in the work place and the labor community. The role of the "governmental organisms" actor will vary depending on its own strength and on the type of industrial relations' system.²²

b. The Context of a System

The context includes three aspects specifically related to worker-employer relationships:

- the technological characteristics of the work place and the labor community;
- the market imperatives and the budget which affects the actors;
- the situation and distribution of power in society as a whole.²³

These three must be understood clearly for the integrated system to succeed in the complex global context.²⁴ The rapidity of change in the technological context will constantly produce variations in the system;²⁵ variations will occur depending on budget factors such as homogeneity of the marketplace and the relationship between labor costs and total costs;²⁶ critical to the context of the individual system is the local distribution of power, reflected in the prestige, position and access of the actors at various levels of decision-making and to the authority of formal power.²⁷

The actors' dynamic relationship is determined by a series of attitudes, pressures and roles which they exercise within the global society and the labor system.

The status and role of workers are determined by the interrelation of these with the hierarchy of employers, with rival labor organizations, with the workers themselves, and with governmental organisms.²⁸

The status and role of the managerial hierarchy are defined on the basis of management's relationship with the workers' hierarchy and their organizations in the work place, with rival management hierarchies and with governmental organisms.²⁹

The status and role of governmental organisms encompasses all aspects from labor legislation to arbitration and mediation in labor-management disputes, passing through diverse activities which seem to increase each day, until it finally invades managerial function.³⁰

The environment of an industrial relations system within these three contexts is especially significant for understanding the normative network in the industrial relationship system and the system itself.³¹

c. The Establishment of Rules

Rules or norms established by actors in an industrial relations system guide their interaction in the work place and in the labor community. Dunlop establishes the normative as the central variable of the model. An outline of rules includes: procedures for establishing them, the rules themselves and procedures for applying them. The rules take many forms, for example, policies of management hierarchy, orders of government agencies, laws of any worker hierarchy, local customs and traditions.

d. Ideology

The ideology of the industrial relations system is a body of common ideas which define the role and the place of each actor and which defines the ideas of each actor with regard to the position³² and function of the other actors in the system.

While each of the actors in an industrial relations system has his own ideology, there must be some agreement among ideas for the system to work. The codetermination scheme

proposed by CTV as a possible mechanism for worker participation, has raised many questions within Venezuela's current industrial relations system. These questions are related to the ideologies of the various actors within this system. For codetermination to work in Venezuela, a consensus of ideas, beliefs and value judgments must be reached.³³ And although internal conflicts, tensions and problems between different groups exist, there must be a limit to the confusion and tension.³⁴ If the consensus is not preserved sufficiently, the dominion of a determined minority can see itself threatened, or society's institutions could feel incapacitated and unable to carry out their corresponding functions.³⁵ "The existence of a consensus is a means to control the behavior of society."³⁶ With such a consensus official organisms of control become necessary. For Dunlop, political leaders "can arrive at transactional solutions to the problems which result from conflicts of interest, besides giving forms to new transactions acceptable within society and the theories necessary to explain and justify them."³⁷

Within Venezuela's current industrial relations system, parliamentary representatives from each political party, representatives of each of the major labor unions and from FEDECAMARAS have important roles in search of a consensus for the practical application of codetermination.

Footnotes

¹Manuel Penalver. "Vision Sindical," El Nacional (Union Vision, in "The National," a newspaper). Caracas, Venezuela, August 3, 1981, XXXVIII Anniversary, p. A-14.

²Ibid

³Kolvenbach, Walter. Worker Participation in Europe. Deventer, The Netherlands: Kluner, 1977, p. 20.

⁴Kuhne, J. Robert. Co-Determination in Business: Workers' Representatives in the Boardroom. New York: Praeger Publishers, 1980, p. 4.

⁵Ibid., pp. 2-3.

⁶Kolvenbach, op. cit., p. 20.

⁷Professor of Sociology, Munster University, Federal Republic of Germany.

⁸Hyman, Richard. Industrial Relations: A Marxist Introduction. London: The MacMillan Press, 1975, p. 9.

⁹Dunlop, John T. Sistemas de Relaciones Industriales (Industrial Relations Systems). Spain: Ediciones Peninsular, 1978, p. 19.

¹⁰Hyman, op. cit., p. 10.

¹¹Dunlop, John T., et al. Industrialism and Industrial Man Reconsidered. The Inter-University Study of Human Resources in National Development, New Jersey, 1975, p. 16.

¹²Ibid., p. 17.

¹³Ibid

¹⁴Engelen-Kefer, Ursula. "Humanization of Work in the Federal Republic of Germany: A Labor-Oriented Approach." International Labour Review, Vol. 113, no. 2 (March-April 1976), p. 227.

Footnotes (cont.)

¹⁵Jecchinis, Christos. The Ideological Origins of Participation. Salonika, Greece: Aristotelion University of Salonika, 1982, p. 645.

¹⁶Bernstein, Paul. Workplace Democratization: Its Internal Dynamics. Kent State University: Comparative Research Institute, 1976, pp. 8-9.

¹⁷Ibid., p. 9.

¹⁸Ibid

¹⁹Dunlop, op. cit., p. 21 (1978).

²⁰Ibid., p. 30.

²¹Ibid., pp. 30=31.

²²Dunlop, op. cit., p. 23 (1975).

²³Ibid., p. 32.

²⁴Ibid., p. 32.

²⁵Ibid., pp. 78-79.

²⁶Ibid., p. 33.

²⁷Ibid., p. 109.

²⁸Ibid., p. 123.

²⁹Ibid., p. 128.

³⁰Ibid., p. 132.

³¹Ibid., p. 38.

³²Dunlop, John T. "Post Scriptum: El Industrialismo y el Hombre Industrial," Revista Internacional del Trabajo (Postscript: Industrialism and Industrial Man Revisted, in International Labor Review), no. 6, June 1977, p. 50.

Footnotes (cont.)

³³Ibid., p. 57.

³⁴Ibid., p. 58.

³⁵Dunlop, op. cit., p. 61 (1975).

³⁶Ibid., p. 62.

III. CODETERMINATION IN THE WORLD, ITS INFLUENCE ON THE UNIONS AND POLITICAL PARTIES. THE GERMAN CASE.

Let us clarify certain aspects of West German codetermination, by briefly reviewing its history. The relationship of interdependence between the unions and the political parties, and the actors' roles, is emphasized.

The importance of the German Model for us is the tremendous relevance and influence of German social democracy and German Unions in Venezuela over the Venezuelan social democratic party and its unions. German Unions have an advising office at the Latin/American Institute for Social Research (El Instituto Latinoamericano de Investigaciones (ILDIS)); the institute is sponsored by the Friedrich-Ebert Foundation of the Federal Republic of Germany. Moreover, Venezuela's Law Project Bill, which proposes codetermination, is a close copy of the German law of codetermination.

A. Antecedents

Before World War II, Germany had a long tradition of unionism, especially in the heavily industrialized sectors of iron and steel production. Relationships between the unions and the political parties also go a long way back. A primary characteristic of this relationship was that the political parties seldom had much control over the trade unions. Kassalow states "the famous Gotha Program of the Social Democrat party, adopted in 1915, called upon workers to affiliate

with the party, saying that only the party could win the proper political and economic conditions for the proletariat."¹

The political parties were not the only ones to influence the transformation of labor unions--so did anarchists, communists, socialists, and, to a lesser extent, the Catholic Church.

From these currents also came the conflicts in the First International between two irreconcilable ideological groups. One side, led by Michael Bakunin, and Anarchist, differed from the socialists on ideological matters, structure and procedures, and used terrorism as a political weapon.

Another side, the socialists, led by Karl Marx and his associates, predicated their philosophy on an emerging industrialism with the production and commercial units growing in size at a steady pace. The socialists put considerable emphasis on the right to vote, while favoring the expulsion of dissident groups. These differences in tactics, strategies and procedures proved to be irreconcilable, and thus led to the downfall of the First International.

The same problem arose in the Second International; the differences were clearly articulated in Marx's Communist Manifesto of 1848. Controversy over this work raged, different interpretations of Marxism began to be asserted. This situation led to another split, between Revolutionists and Revisionists. Again, the principal issue of disagreement was over tactics and strategy. The revolutionists believed the revolutionary objective of abolishing capitalism should

be prominently featured. The Revisionists had short term goals in mind; they concentrated on improvements in the workers' welfare: work hours, labor conditions, social legislation, etc.

The German movement was outstanding numerically, electorally and intellectually, and led the International Socialist Movement. Rosa Luxembourg was one of the best-known of the ideologists.

With the development of the socialist political movement, the trade unions in Germany also advanced, nurtured by the socialists' political branch. Gradually, mass trade union organizations, guided by competent leadership from the ranks, became the chief influential force within the socialist movement.

Eventually, as Neil W. Chamberlain states,

many of the socialist parties of Europe abandoned the principle of a Revolutionary imposition of a socialist commonwealth, and accepted the 'Revisionist' doctrine, that the chances of success lay through electoral and parliamentary action.²

Whereas Luxembourg pointed out that,

the trade unions represent only the group interests and only one stage of development of the labor movement. Social Democracy represents the working class and the cause of its liberation as a whole. The relation of the trade unions to social democracy is therefore a part of the whole and when, among the trade union leaders, the theory of 'equal authority' of trade unions and social democracy finds so much favor, it rests upon a fundamental misconception of the essence of trade unionism itself and of its role in the general struggle for freedom of the working class.³

For its part the Catholic hierarchy was largely unsympathetic to the workers' organized efforts to promote and

protect their interests under the emerging industrialism. As the radicals gained influence over the workers, these workers adopted an anti-clerical attitude. This changed the Catholic position toward workers, leading to a more sympathetic program. In particular, Pope Leo XIII issued the Rerum Novarum, in 1891. This encyclical stated that wage earners had certain rights which employers and the state must recognize. The Church supported Christian unions but not atheist ones. By 1908 the Christian International (the embryo of the Christian Democrat party) was founded; this was the first international ideological dual trade union movement. It was designed to challenge the International Federation of Trade Unions controlled by the socialists and, indirectly, the national and international socialist political movement as well.

The Bolshevik revolution, however, favored the radical and liberal movements, and the communists received a sympathetic endorsement. The latter communists turned to dualism, founding separate political parties and defining different concepts of the class and political struggle.

In the 1920's, a new element rose above all the political parties in Germany--the National Socialist Party--and with it World War II. After the destruction of the Third Reich, under Allied Occupation in West Germany, attention was focused on the three major parties in the Federal Republic: the Social Democratic (SPD), the Christian Democratic Union (CDU), and the Christian Social Union

(CSU) (also known as the Christian Democratic Party of Bavaria and the Germ Trade Union Confederation (Deutscher Gewerkschaftsbund--DGB)).

After World War II the SPD and the CDU were given most of the responsibility for the new German government. They also controlled the unions. Both parties influenced the workers based on their positions in traditional and current affairs. From 1949 to 1959, when the Christian Democrats were in power, unions in the Federal Republic fell more heavily under the party's influence; although the DGB had a working relationship with the CDU, it maintained and continues to maintain its own share of power. The DGB has always been closely allied to the Social Democrats ever since the Weimar period, although the DGB also has members in the Christian and the liberal unions; thus coincidental partnerships of one kind or another are not rare.

For some authors, the post-war DGB might have seemed to be a "united trade union," where the national interest of class workers was more important than the interest of political parties. For instance, DGB supported Christian Democratic Chancellor Konrad Adenauer in economic matters. Adenauer in return, with the CDU party, passed the most important legislative victory of the post-war period, codetermination in the coal and steel industries (1951).

The important relationship between the parties and the unions is reflected in the proportion of union members in the SPD Bundestag faction--in 1972, 94 percent. In 1968-69,

two former national union presidents and one district president were members of top party organizations. Over the post-war period, 10 percent of the members of the various committees of experts on advisory bodies to the SPD Executive had been union officials.

But, according to various writers, this does not mean DGB totally controlled party policy-making. Union officials never acted as a unified block within the party; there were, inside the SPD, many different wings and positions.

It was also logical for DGB and its member trade unions to provide important aid to the Social Democratic Party for membership recruitment and propaganda support as well as indirect financing.

This situation is also true with the CDU/CSU, although the Christian Democrats have been the more conservative of the major parties. It does have a strong labor wing, however, which frequently takes positions similar to those of the DGB on policy issues in the labor, social and economic spheres.

The CDU unions also have an organization in the Bundestag faction called the Employee, or Labor, Group; they have many more members than any of the wings in the party. The labor wing of CDU/CSU is more reform-minded than the rest of the party, and is frequently able to secure compromises on policy issues roughly midway between the conservative elements in the party and the DGB. An example of this is the CDU/CSU Fraktion draft of a codetermination bill, fashioned in 1971.

The labor wing of the party fought for the DGB goals of equal representation of capital and labor on the boards of directors of large firms in industries.

The labor wing of the CDU/CSU Bundestag Fraktion has repeatedly demonstrated its willingness to break party discipline, often voting with the SPD on issues in labor, social and economic spheres when the Fraktion as a whole has taken a position too far from employee interests.⁵

Sometimes the unions and parties do not agree, as when the SPD assumed control of the government in a coalition with the Free Democratic Party (FDP) in 1969. One of the most serious issues between party and unions has concerned codetermination, the measure in which the DGB has expended the greatest effort in its twenty-five year history. After the 1972 elections an agreement on codetermination was reached by the coalition of parties (January 1974). The major DGB demand seemed finally to be met: equal representation for labor and owners in all large firms.

In the last few years, many different situations have developed in the social context of the unions and parties. The 1983 elections saw the Christian Democrats win over the Social Democrats, showing the political-social dynamic of this period in history; workers are no longer blindly following their union leaders.

It is also true that there was pressure from the West German Right, especially among entrepreneurs, to create a climate of unrest. The conservative press as well as the conservative wing of the Christian Democrats circulated rumors against the Social Democrats. This fact, combined

with the voters' realization that one party had been in power for fifteen years (the SPD), and thirteen of those years in coalition with the liberals, contributed to the creation of a climate favorable to CDU and CSU.

Another crucial factor was (and remains) high unemployment in West Germany; more than two and a half million Germans are out of work. "Imported" labor has taken over many jobs formerly held by Germans' the foreigners passively accept lower wages and are, for the most part, non-union. This produced a feeling of xenophobia, a phenomenon that usually increases during times of recession.

Industry leaders have stated that the entrepreneurial risk must again become profitable. The unions do not want workers accepting wage cutbacks in order to help their corporations survive as has happened in North America. In the future, German unions are going to confront a strong pressure from the economic right on this point. An article in Cambio (Change) Magazine:

The unions could hardly be expected to agree to a "social dismount," in the Ronald Reagan style, because the unions themselves--Christian Democrats and Christian-Socialists of Bavaria--have political wings, as can be witnessed by the fact that the current Minister of Labor, Norbert Blum, is also a union official; he would never tolerate any reduction for the members of his union, nor a tearing down of the still newly-implemented codetermination.⁶

Brief History of Codetermination

The current codetermination system in the Federal Republic of Germany had its origins in Worker Committees

established by the Weimar Constitution of 1919 and in the February Laws of 1920 and 1922 obliging the participation of two members of the Enterprise Committee, elected through secret ballot to the Councils of the Administration of Societies (Corporations).

Germany's sensitivity to community aspects of labor-management relations goes back to 1848-49. Kolvenbach:

The National Constitutional Assembly (Verfassungskelende Nationalversammlung) which met in the Paulskirche at Frankfurt-am-Main, drafted and discussed Paragraphs 42 and 43 as amended to the Industrial Code (Gewerbeordnung). The draft provided that in each factory, the employees had to elect a "Factory Committee" in which employers and employees were to be represented.⁷

This historic date illustrates that worker participation in Germany is not the result of social and economic pressures which occurred in a Germany defeated after the Second World War, as some authors have suggested, but as a result of a situation that had deep roots in the country's past.

Paul Malles notes that the Codetermination Act of 1950, a radical piece of social legislation which divorced, for the first time, managerial from ownership rights, was introduced by the Allied Control Council; that is, by governments which in their countries would hardly have envisaged such a step. It must be understood that following the defeat of the Third Reich, the allies deeply distrusted the social and economic forces personified by German heavy industry magnates whose role in the rise of the National Socialist regime was only too well documented.⁸ (National Socialism did not permit

the exercise of industrial democracy, and dissolved the unions in 1933, installing the authoritarian "Führerprinzip.")

After the German defeat, the Allied Control Council reestablished the unions, passing Law 22, on April 10, 1946, which reinstated the Workers' Committees. The German metal industry came under the tutelage of "The North German Iron and Steel Control"; through an agreement with the unions and Law 27 passed on May 16, 1950, new "watchdog committees" of eleven members each were set up in large companies.

Union leaders worried that, after the Occupation, when plans for decentralization of industry had been finalized, workers would lose the right to codetermination. Thus, in the fall of 1950, a large worker protest was organized in the Rhur region to pressure the Bundestag into passing the Law of Qualified Codetermination, which was passed in 1951.

The process of codetermination really begins in that year, and has undergone several modifications.

The first laws on codetermination were implemented in the Ruhr region where coal mining, iron and steel industries predominate. The laws established "supervisory boards" (boards of directors), composed of an equal number of labor and shareholder representatives; authorized members of the supervisory board were to choose an extra member jointly to make it possible to break deadlocked decisions. The board was given the final responsibility for company policy. It also had the critical task of appointing a "management board" to supervise day-to-day operations. By the same law of

Qualified Co-Determination, coal and steel industries in the Ruhr were organized with worker councils composed of labor representatives working with middle management. Workers now had the power to elect a "labor director" responsible for labor relations and personnel issues.

Codetermination was extended in modified form to the rest of the Federal Republic in the Works' Constitution Act of 1952. Works' councils became part of all major business; employees could now elect one-third of the top board members in all joint stock companies with more than 2,000 employees.

In 1972, the Works Constitution Act broadened the power of workers by guaranteeing them specific "rights": to inspect their personnel files and to add comments; to be informed "in good time" of all plans for new buildings, work installations and alterations to the workplace, and of any practices which might be contrary to "the well-established findings of scientific management concerning working methods and conditions appropriate to human beings"; to be given full information on personnel planning and on job vacancies; to "co-determine" the hiring of new personnel, personnel transfers, and the introduction of technical devices measuring their performance, and pay based on performance.⁹

A Codetermination Act passed in 1976 increased worker representation on the highest level to fifty percent in companies of more than 2,000 employees. This legislation now affects some seven million workers in 650 companies, repre-

senting about 70 percent of German industry. The law stipulates that supervisory boards must have twelve, sixteen or twenty members, depending on the corporation's size. A supervisory board is to be composed of an equal number of worker and stockholder representatives. In a company with a 20-member board, for example, there are ten worker representatives, seven chosen from the shop floor and company staff including a senior (executive) managerial employee, and three who may be union officials from outside the company. In a departure from the 1951 Act, the 1976 Act also provides for the position of a labor director, on the same footing as other members of the management board, i.e., appointed by the majority of the supervisory board. This new legislation did not affect the special position of the labor director in the coal, iron and steel industries.¹⁰

B. Politics and Ideological Fundamentals

The relationship between union and party runs deep in the history of Germany's social conflicts; codetermination is only one example of this. Over the past century, the German labor movement has sought for the workers not only political recognition through political parties and industrial recognition through trade unions, but places on the governing committees of industrial enterprises generally under the slogan of "Mitbestimmung."¹¹

But according to Jecchines, the original motive for participation was,

. . . not different from that of other social measures, for in the course of social development, a number of social measures (i.e., social security, unemployment benefits, minimum wage, free education, socialized medicine, and others) were introduced as a matter of human rights and social justice, long before their positive contribution to economic stability became apparent.¹²

Jecchines points out that the ideological origins of codetermination rest in a search by trade unionists, social democrats and Laborites throughout the world for functional but humane methods and policies, which would bring about socio-economic reforms and achieve social justice.¹³

This notion of origins implies a strong world-wide belief in respecting human rights. Guaranteeing the rights of codetermination and co-participation for employees is essential to such a world movement.

As this author understands it, the rights of people can only be guaranteed by democracy and freedom; in the same way that fundamental human rights can be assured only through the development of democracy, economic well-being can not be guaranteed without the development of an economic democracy in the form of the right of codetermination and self-management. It is argued that a society can not be fully democratic as long as a minority directs economic decision making--curtailing the majority's democratic participation. The democraticization of economic and labor life is the goal given to the democratic labor movement in the latter part of the Twentieth Century. Only when this objective is achieved can man's economic rights be fully realized.

In Sweden, the Meidner proposal was passed by the 1981

consensus of both the L.O. (Trade Union Confederation) and the Social Democrats, unions and their Socialist allies envisaged full worker control of private industry.¹⁴ The architect of this proposal, former L.O. economist, Rudolf Meidner, argued that, although Sweden had achieved political democracy and the benefits of a "redistributive welfare state," a third task remained--"the fight for economic democracy."¹⁵

In the same way, in post World War II Germany, intervention by the unions in directing economy required appropriate representation of the two existing actors in the economy, unions and management associations. This representation was to occupy a place at the side of the Bundestag, completing the political democraticization of the economic sector.

Democratic order of the economy was considered a necessary condition for political democracy, since it contributed stability. It was seen as a complement to and amplification of democracy, since (in place of formal equality) it gained the sympathy of the citizens. In this light Guenther Esters defines the distinct elements of union ideas on the new economic order:

Socialization: As regards expropriation, it modifies relationships of power and makes possible a new order within the companies.

General Economic Planning: It substitutes private sector interest in pure profit which used to be the goal of production, orienting it to the needs of the people.

Codetermination of Salaried Workers: Introduced in all areas of the economy, it assures the influence of the salaried workers and realizes the

democratic concept of self-determination of the human being. According to the specific economy, it does not aspire to a parliamentary route, but only to rights of codetermination and control regulated by determined guidelines.

Thus, from the very beginning, codetermination has been a political issue. In the early 1920's, German labor's demand was that industrial democracy work together with political democracy.¹⁷

German unions have the influence of the Social Democratic ideals in the fight for implementation of codetermination. The tightness of the organization, union discipline, reaching the level of obedience to national leadership (with some notable exceptions) constitute one of the strengths of the contemporary organization. Party and trade union do not always speak or move together, but when they do, they constitute a major political force.¹⁸ One notes the support for principles of codetermination by the conservative Christian Democrats (CDU) and the liberal Free Democrats (FDP) coming under pressure from the trade unions and the Social Democrats when the codetermination acts of 1952, 1956 and 1972 were introduced.¹⁹

It is important to point out the alliance between the German Trade Union Confederation (DGB)(Deutscher Gewerkschaftsbund) and the Social Democratic Party (SPD) especially between 1969 and 1983 when SPD formed the government.²⁰

In many democratic countries, codetermination is nurtured by the political environment. In the Federal Republic of Germany, the SPD has made itself the champion of codetermination in the political arena. Its fundamental

program, issued at Godesberg says,

democracy requires co-determination for workers in the companies and in the economy as a whole. The worker should convert himself from being a subject of the economy to a citizen of the economy.²¹

The SDP is not the only party to make co-determination a rallying cry. The CDU has also identified itself with the cause. In the "Berliner Programa," in 1973, it was considered that "codetermination for workers is an expression of Christian social thought and a fundamental of the social economy of the market," with workers as members of a company's social ensemble.²²

The policies of the liberal socialist governments of Willy Brandt and Helmut Schmidt have taken this program into account. Legislative advances have been notable, even though alliances with the FDP have impeded full implementation of codetermination. In the seven years between 1969 and 1976, more advances for codetermination were made than in the seventeen years of coalition governments of the CDU/CSU (1952-1969).

These successes are recognized by most parties in the International Socialist movement, which is sympathetic to codetermination. Indeed, codetermination helps to unify socialist parties in Europe. Social Democrats of West Germany and many other countries feel that codetermination is the wave of the future. It will also create, they believe, a world of truly free human beings.

C. Problems and Critiques

We have briefly outlined the roles and ideologies of actors in a codetermination model; we have discussed their antecedents as well as the strong relationship which exists between unions and political parties. The role that each one plays in economic democracy and the factors of power which determine the influence of the political party when it carries out governmental functions, have also been discussed; in particular, the origins, development and practicability of codetermination in Germany.

Although codetermination is the lawful system of labor and management relations in the Federal Republic of Germany, it is not fully accepted by all the actors in the system; it continues to have opponents and critics.

Primary opposition to the codetermination laws came from business and management. They had been the owners of capital, and had guided the production process; in effect they controlled the workers. This was pre-empted by codetermination legislation, which they had sharply opposed. Although somewhat muted today, the criticism continues. Management has made several observations, legal and technical, regarding the codetermination laws, amounting to an unwillingness to share the right of decision-making which management has always had in the past, either with unions or with workers.

The unions have also raised objections to the codeter-

mination model. They did not totally agree with the modifications made to the 1976 Act, claiming that the new bill did not introduce a true parity codetermination, nor did it allow a vote given to the president [of the board] in case of a tie vote. The bill did not place an executive officer from among the workers representatives on the "watchdog" committees. The unions felt that the bill allowed a worker representative to be elected by a majority of salaried workers, in practice, it still protected the interests of the directors and stockholders.

Another difficulty has been the election of the Director of Labor. The Codetermination Act of 1952 calls for a worker director on the board of management, whose primary tasks involve industrial relations and personnel matters. No worker director can be appointed by the supervisory board without a majority of the workers' representatives (the union) being in favor of the nomination.²³

Most labor directors have managed to work in reasonable harmony with their colleagues, but they have not supported the interests of labor, to the detriment of the firms, nor have they assisted metalworkers and mineworkers' unions in wage negotiations.²⁴

One of the main sources of data is the Biedenkopf Report, Mietbestimmung in Unternehmen (1970), one of the most complete studies of codetermination. The report studied past experiences with the two codetermination systems practiced in Germany since the end of World War II, (the results

of the 1952 and 1976 legislation) and developed detailed proposals for future legislation.²⁵ Importantly the nine professors who developed the report belonged to different political groups, yet reached unanimity on all essential points.²⁶

The report was presented to the Bundestag on a positive note: it identified labor representatives with corporate interests, and reported a non-existence of tensions, in particular, less use of strikes. Codetermination, the report contended, did not compromise the income-production of business or its investment policies. There was agreement on the distribution of benefits and more information to personnel, although some problems continued with reference to confidentiality (company secrets were not an issue here).

Unfortunately, the Biedenkopf Report has not been accepted by the political parties as a basis for a solution of the problems of codetermination. This was true even after the Christian Democrats had elected Biedenkopf to the position of Secretary General of their party. John Christo:

Codetermination is not intended to end the company's ability to give orders to employees. The system is intended only to ensure that the company's authority receives "democratic legitimation" through the consent of the employees. There is a certain appearance of inevitability about an ideology that seeks to spread democracy. Mitbestimmung tends to reduce frustrations and impotence among workers by giving them steady access to and influence on company power centers. It gives them the ability to help determine their own fates.²⁷

Footnotes

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IV. THE VENEZUELAN CONTEXT

A. Socio-Economic Aspects

This section deals with Venezuelan socio-economic aspects, but we don't intend to look deeply into Venezuelan economics, since it is not the principal focus of our work.

Venezuela's neoclassical economic model was inaugurated in 1958 with the advent of a democratic system and as such, has its own peculiarities; the economic model has also affected other social factors such as population growth. For production growth, the development strategy has centered on using internally-produced consumer items in place of imports. Consolidation of this strategy in the 1960's brought with it a new production structure with its corresponding employment structure. Given the proven existence of hydrocarbon reserves and sufficient facilities for exploitation,¹ oil production can be increased while its costs remain relatively constant.² Note that the position of Venezuelan oil in the world market is significant; its price can vary not only with demand conditions, but with supply conditions as well. On the other hand, the oil economy employs only a very small portion of the economically active population; in 1970, for example, only 10 percent of the work done was employed in the petroleum industry.³ Under the former economy, a greater portion of the population was employed,⁴ since export was the principal source of work in the country.

In 1951, iron was incorporated into the export scheme. Domestic and foreign companies exported iron until January 12, 1975 when the industry was nationalized; it is now administered by the state-owned Guyana Development Corporation.⁵

During the 1960s and 1970s, premises for nationalization were created. Taxes on oil profits increased drastically. In 1970, the National Congress passed a law establishing the government's rights to fix unilaterally the price of Venezuelan oil; the Law of Reversion passed in 1971 increased governmental control of all oil company activities. The companies responded by divesting. The quadrupling of oil prices and the assertion of authority over prices by OPEC, (Venezuela is OPEC's founder) gave the government the opportunity for even greater control over the economy. Finally, on January 1, 1976, the oil industry was nationalized. The effects of nationalization and the increase in the income derived from the export of crude oil has helped the country's industrial growth.

As predicted by Neoclassical Economists, an export-oriented Venezuelan oil industry has led to rapid growth of per capita income since the beginning of massive oil production. In 1935 Venezuela was one of the poorest countries in Latin America,⁶ while in 1980, its per capita GNP was higher than that of any other Latin American country, and only slightly lower than that of some developed nations.⁷

The greatest percentage of that income is related,

as seen in Table 1 below, to oil income.

Table 1

Tax Incomes
(millions of Bolivares)

	1979	1980	1981
Ordinary Income (Business/Services, etc)	48.339	62.597	92.655
Petroleum Sales	33.377	45.381	70.887
Income Tax from oil sales	25.553	37.951	63.284
Derived from Oil sales	7.724	7.430	7.603
No petroleum sales	14.962	17.316	21.769
Extraordinary Income (Special Tax)	93	9.811	2.192
Total	48.432	71.508	94.848

Source: Ministry of Petroleum and Mining/Central Bank of Venezuela Preliminary Review of Venezuelan Economy in 1981. p. 16, Table 21.

The government has spent a significant amount of its oil profits to improve certain social conditions. For example, the life expectancy at birth increased from 57 years in 1960 to 67 years in 1980. The infant mortality rate diminished from 85 per thousand to 42 per thousand during the same period. The ratio of physician to patient dropped from 1,510 to 930, and of nurse to patient from 2,840 to 370 in the same years.⁹ These figures compare favorably with other Latin

American middle-income countries. Again, adult literacy grew from 63 percent in 1950 to 82 percent in 1977; the number of people enrolled in secondary school went from 21 percent in 1950 to 40 percent in 1979, and from 4 percent to 21 percent for higher education.¹⁰

This channeling of government spending toward the social sector undoubtedly constitutes a base for economic development, but has little impact on industrial development and consequently, on productive capacity in the economy. Thus, it appears that the government is not establishing a firm basis for future development which could survive without the oil. As Cecilia Valente observes, the Venezuelan economy is a mixed-system economy, relying on state participation and ownership as well as private and foreign investment.¹¹

Because of this, we can see the important role the state plays in the nation's economy. It owns the most important enterprises: oil, coal, steel, electricity, iron, chemical, aluminum, service--consequently, the state is the biggest employer. Taking into account nationalistic feelings, the main elements of Venezuelan's economic programs and strategies in the 1970s were classified as follows:

1. More equitable distribution of income.
2. State ownership of the extractive and principal industries.
3. Venezuelan control of most foreign investment in accordance with Decision 24 of the Andean Pact.
4. Use of petroleum-generated revenue to finance the development of a diversified economy.

5. Promotion of non-traditional exports.
6. Support for high world petroleum prices to assure steady income to finance development programs.¹²

It is not in the government's interest to support expansion of the private sector. Writing on this subject, FEDECAMARAS suggests that the structural problem for Venezuela is due to excessive petroleum income poorly incorporated into state enterprises. To restore confidence the state must reduce ordinary expenditure in two ways: diminish the actual bureaucracy, and diminish the loss of state enterprise. In Venezuela it is necessary for the state to promote the private sector as a motor for development.¹³

Well-known Brazilian Economist, Celso Furtado, remarks, "What is it that we call lost for a public Enterprise? The enterprise may be lost for inefficiency, but it may be lost too, because it has down prices or rate or tariff; for giving public services so low cost for the population that they have low income or resource."¹⁴ These words are a philosophic look at the economic position adopted by Venezuela in most of its economic investments.

B. Import Substitution as the Strategy Toward Industrialization.

This section concentrates on the influence of governmental policies on industrialization as a strategy for economic development, based on petroleum as the leading sector. Particular interest will be paid to Venezuela's potential for industrialization independent of petroleum.

Analysis of the agricultural sector will be omitted, though it is considered important in development.

In its industrial development the Venezuelan government has pursued a course of import substitution; it has established high tariff and non-tariff barriers to imports, so that rising industries can take advantage of the internal market without risk of competition. Domestic industry on the first stage is dedicated to producing non-durable consumer goods; subsequent stages of import substitution would have to produce an intermediate product. However, import substitution strategies in many countries have achieved poor rates of growth compared to those in countries under export promotion strategies.

The export promotion strategy tries to encourage exports by changing the system of incentives in favor of exports. This is done with export subsidies, reduction or removal of duties on imported inputs or reduction of exporter's income tax. Some countries have established duty-free processing zones, and some employ frequent mini-devaluations to promote exports.

In the literature, various explanations for the failure of industrialization based on import substitution strategies can be found: first, we note little problems with the production of non-durable consumer goods in the first stage, which requires labor-intensive techniques and little sophistication. Without foreign competition, national industry has few problems in substituting imports of this

type. At subsequent stages import substitution becomes more difficult. Generally, the next step is the final processing of assembly-type goods, and from there toward intermediate products and capital. "To do this, the protective structure is escalated by the degree of processing, with final goods more highly protected than intermediate ones."¹⁴ In many cases the foreign exchange costs of the intermediate goods are greater than the foreign exchange value of the final products.

Second, the high protective structure of import substitution contracts import demand. The currency of the country in question then becomes artificially over-valued.

Third, the small domestic markets of developing countries do not permit optimally sized factories; excess capacity or less-than-efficient minimum-size plants tend to develop. Oligopolistic or monopolistic market structures are created. As import substitution proceeds, new activities are increasingly capital intensive, and inefficiencies increase.

Fourth:

Given the vast disparity in capital-labor ratios of the industrial sectors of the developed and developing countries, the opportunity for trade represents a means for shifting the demand for labor outward more rapidly than the import-substitution strategy permits.¹⁶

Suppose the capital-labor ratio in an exportable goods industry is 2:1, this ratio is 6:1 in an import-substitutive industry. The use of more capital in the export industry shifts the demand for labor upward--this shift would be

three times greater if the additional unit of capital were used in the more capital-intensive import-substitutive industry.

Last, related to this fourth problem, is that the system of protection compatible with import substitution subsidizes the importation of capital goods, promoting capital-intensive techniques regardless of the country's factor endowments.

In view of these factors, it remains clear that the import substitutive strategy is not a very promising impulse method for industrial development. Nevertheless, this strategy has been used in Venezuela in a coherent form since 1958.

In 1958, the Venezuelan government initiated industrial protection, based on an increase in customs duties, removal of customs duties for imported capital goods and raw materials, and public credit for industrial sector investment. Protectionism provoked internal and external private sectors to begin the substitution of imports.

To illustrate the sensitivity of investment at the beginning of the import substitution policy, the following table shows the evolution of some representative products after the imposition of protective measures. Not all diminished imports can be relegated to national production, but an immediate increase in internal production is clearly seen.¹⁷ The affirmation is further illustrated with concrete data which showing how internal production reacts

after barely two years of import substitution.

IMPORTATION
(millions of bolivares)¹⁸

<u>Protected Sectors</u>	<u>1957</u>	<u>1961</u>
Whole Cream (from milk)	5.24	1.39
Preserved Meat	53.54	17.21
Cigarettes	32.55	0.32
Glass Containers	20.74	11.14
Porcelain Toilets	14.44	2.84
Tires and Aire Chambers	31.93	9.00

<u>Protected Sectors</u> ¹⁹		<u>Production</u>	
	Units	1957	1961
Powdered Milk	Tons	4,487	12,189
Preserved Meat	Tons	5,168	11,451
Fruit Juices	Tons	17,611	36,576
Cotton Cloth	.000 meters	16,716	34,682
Cigarettes	Millions	2,831	5,413

Import-substitution has been effective in the final consumer goods sectors. Naturally, the policy has been completed in the first stage. Since 1950, manufacturing has grown more rapidly than the rest of the economy, proving the success of the first state (See Table 2).

TABLE 2

VENEZUELAN GROSS TERRITORIAL PRODUCT BY SECTOR
(millions of bolivares)²⁰

	<u>1950</u>	<u>1955</u>	<u>1960</u>	<u>1965</u>	<u>1970^a</u>	<u>1974^b</u>
Agriculture	1,014	1,352	1,987	2,546	3,490	4,030
Petroleum	3,797	5,514	7,325	8,915	9,195 ^b	7,524 ^b
Manufacturing	1,274	2,267	3,347	5,049	8,015	9,639
	77.9	47.6	50.85			
Commerce and Services	5,027	7,498	10,965	18,120	18,854	17,031
Others	1,615	2,694	3,482	3,975	10,515	20,765
GROSS TERRITORIAL PRODUCT						
(TOTAL	12,727	19,325	27,116	38,605	50,072	58,989
Rate of Increase	51.8	40.31	42.37			

(a) (Millions of 1968 bolivares)

(b) Includes only crude petroleum. Refining process are included under "Manufacturing."

"The substitution of imports of final goods did not spark a general industrialization or even move much beyond the specific protected sectors. The survival of even these domestic industries requires continued protection."²¹ Industrialization has so far deepened slightly in steel and steel products, chemicals, aluminum and aluminum products. Venezuela is now in the second stage of import substitution, facing the problems inherent in this; it is not expected at

this stage that industry will increase in any great proportion.

Turning from import substitution in Venezuela, we discuss the constraints that the Venezuelan development model has imposed on the production and exportation of petroleum and on industrialization through the promotion of the export of manufacturing goods.

The first and most important constraint is the continuous flow of foreign capital within the country; it sometimes caused overvaluation of the nation currency. This seems to cheapen imports and exports (aside from petroleum) relatively more difficult to develop.

Furthermore, growing profit from petroleum have forced continual salary increases and onerous contractual rights, resulting in distorted benefits and salaries in the modern industrial sector and in the public sector, since both trade union leaders and management have used the oil industry's collective bargaining agreements as indicators on which to base their own settlements. Thus labor costs tend to be relatively high in the industrial sector; yet this high cost does not offer any advantage for the export goods manufacturer.

So far then, Venezuela economy has not found the way to independent economic development, and can not do so while it remains tied to an import-substitution strategy.

Economic theory suggests a change toward the promotion of exports. Governmental policies would have to be directed toward counteracting the negative effect of the petroleum model.

Fortunately, the Venezuelan government has in recent months begun such a change, and seems to be promoting the export of goods. Part of the reason for this is the enormous increase in national income caused by the 1973-74 rise in oil prices. This event is reflected in the government's Fifth National Plan 1976-1980.

The Plan incorporates four fundamental objectives for development:

1. Governmental expansion in productive activity.
2. The expansion of public activity concentrated in export-oriented heavy industry.
3. Drastic cutbacks in government spending in the social sector.
4. Government monopoly on low-degree processing and no limits on private participation in high degree processing in petrochemicals, iron, and steel.

For lack of sufficient reference materials, it is not possible at this time to analyze or evaluate these policies, though it is important to mention them as a positive effort for the future.

Venezuela is a typical periphery society, always adjusting to the industrial world's needs, as will be shown. One distinguishes here between dependence and dependency; "dependence" conceived as external reliance, studied as a

branch of neoclassical economic theory. "Dependency," on the other hand, is understood as the process by which less developed countries are incorporated into the global capitalist system: the conception based on neo-Marxist formulations of how the world imperialist system functions. Dependency theory rejects the neoclassical economists' assumption that the unit of analysis in studying underdevelopment is the national society. Industrial, advanced or "central" countries are viewed as capable of dynamic development responsive to internal needs, and as the main beneficiary of global links. On the other hand,

. . . the periphery is seen as having a reflex-type of development, one which is both constrained by its incorporation into the global system and which results from its adaptation to the requirements of expansion of the center.²²

One underscores the fact that dependency theory relies not only on external constraints in explaining underdevelopment:

Dependency in any given society is a complex set of associations in which the external dimensions are determinative in varying degrees and, indeed, internal variables may very well reinforce the pattern of external linkages.²³

The establishment and development of the petroleum industry in Venezuela, dominated by foreign companies, produced a structural change in the international economic relationships of the country, and in its entire economic life. This change, has not improved its underdeveloped conditions, instead strengthening its dependence on the

great centers of capitalism--accenting the absolute risks of productive specialization. It was not, therefore, a change in the sense of independent growth, but rather one which has swiftly multiplied the economic magnitudes, thus accounting for the extensive growth of the Venezuelan economy. In the expansion stage of trans-national petroleum companies, Venezuela's dependence continually increased. Examples of this dependence:

1. The petroleum sector is totally dominated by multinationals; the government has little influence on production decisions. This is most relevant since petroleum is the major economic factor in the country.
2. Oil technology is highly sophisticated, developed almost completely by home offices of the multinationals, outside Venezuela. This excludes Venezuelan engineers and scientists, who have no opportunity to increase their knowledge in these areas.
3. Venezuela's export market is scarcely diversified. The U.S. is its major buyer, purchasing around 30 percent of Venezuela's oil (1973 figures). It must be remembered that Venezuela depends disproportionately on oil for a healthy economy.

4. A pattern of external exploitation of the Venezuelan economy by American companies exists. This takes tow forms:

- a) Transference of surplus values, defined as the total of earnings after taxes minus the total of investment. This value which, during the period 1947-1975 represented \$4,800 million,²⁴ left the country, failing to contribute to the growth of economic activity. And,
- b) deteriorating terms of exchange: terms of exchange in Venezuela deteriorated between 1958 and 1970. Since 1970, the rise in the oil prices has been greater than the rise in the prices of imported goods. However the terms of exchange in 1975 had deteriorated compared to those in 1958.²⁵

Nationalization of the petroleum industry returned to the Venezuelan government all exploration and mining rights, ending the physical intervention of North America in this area.

However, Vegard Bye demonstrates that nationalization has not fundamentally affected subordinate relationships in the Venezuelan economy.²⁶ He suggests that: Before nationalization, Venezuela exported ninety percent of its petroleum. Prior to nationalization, the government agreed to sell its oil to the multinational corporations. As of

1980, these corporations commercialized 75 percent of Venezuelan oil. The Venezuelan oil holding company has contracted with the multinational corporations for the transfer of technology after nationalization.

What becomes clear from these agreements is that they only grant the national operating companies the right to use exactly the same technology as that used before nationalization, for exactly the same type of production, in exactly the same volume as before. Transfer of new technology must be agreed upon separately.²⁷

Third, some argue that Venezuela has received lower oil incomes after the first year of nationalization. Apparently the multinationals receive fees through the service contracts representing more money than the surplus value they had been taking out of the country.

With regard to the change of direction in development strategy outlined in the Fifth National Plan, dependency theories contend that this policy aggravates the national economy's dependence on international commerce; nevertheless, this is not a critical point for them. What is important is existing evidence that the promotion of nationally manufactured export goods and products has triumphed; export has been achieved with the investment of foreign capital. Note the export of manufactured goods from underdeveloped countries consists mostly of goods whose production is controlled by multinational corporations.²⁸

The strategies proposed to overcome dependency and underdevelopment by these theorists are many and varied.

One strategy involves negotiating with central countries in order to create a New International Economic Order (NIEO). The creation of such a group would be negotiated as trade unions negotiate collective bargaining agreements, with a resulting contract.

An alternative is a profound change in the world order in which capitalistic values and Russian Communist values are replaced by those of a humanist society.

Still others argue that the only viable alternative to dependency is a strategy of "self-reliance," whether national or regional, including neighboring countries with similar aims who find themselves in a similar stage of development.

Socialism as well has conceived of an alternative to dependence and underdevelopment, whether it is on a national level or on a larger, international one.

All these ideas give a country such as Venezuela a very wide range of possibilities as it moves to take its place among modern nations.

C. The Role of Unions in Venezuelan Politics and its Influence on the Social Environment in the Last Twnety Years.

In considering specifically the role of Unions in Venezuela today, we must consider different aspects of the socio-politico-economic development of the country, and how they relate to events of the last tenty years. In particular

we concern ourselves with 1958, the year in which Venezuela is born as a democratic political system and implements an economic model of development. Second, we consider the aftermath of 1958 within the social context that surrounds Venezuela as a state society. This discussion is basic to an understanding of the development of the capitalist production model and its effects on various economic factors of the country influencing the Venezuelan capitalist model. Moreover, we will discuss how Venezuelan unions may use their power in the future, and what model they propose for future worker participation. Since the term "codetermination" has a specific meaning for us not defined by early unions, the phrase "worker participation" will be used most frequently in this section. This section is based both on the author's fifteen years as Manager of Industrial Relations in Venezuela, an experience that meant daily contact with the unions there, and on intense social research on the subject.

1. Origin and Development of the Unions in Venezuela

The union movement appeared in Venezuela in the second decade of the 20th Century; they called themselves mutual help societies, and as such were allowed to function during the dictatorship of General Juan Vicente Gomez; these societies have never figured as true unions, but as loosely-knit organizations with social concerns. When Gomez died the associations became the unions they are now recognized

as in Venezuela.

The right of the Venezuelan workers to form unions was recognized by law in 1936. The Labor Law of that year also recognized for the first time the right to strike. By 1943, the union movement had acquired so much strength that it was recognized as a negotiating power by the petroleum companies; for the first time in Venezuelan history, an industry-wide collective bargaining agreement was reached between unions and management. Signed in May of 1945, it contained nine clauses, stipulating a five month duration. As can be seen, the period between 1936 and 1945 was one of consolidation for the unions.

The first sign of dissent in the union movement appeared in 1946, between left-leaning unions (Trotskyite Communists) and radical moderates (liberal socialists). The political division worsened in 1947 (the Red and the Blue unions); finally, toward the end of 1948, after the overthrow of the first government democratically elected by universal suffrage and headed by Romulo Gallegos, the union movement began to unravel. Since the military government which took over had little backing among the civilian population--virtually none from the workers themselves--it resorted to armed force to consolidate its power; it then used its power to dissolve existing unions. The union movement stagnated until 1958 and the overthrow of the dictator, General Marcos Perez Jimenez.

Union leadership was not as stagnant as it seemed.

From exile, union began a campaign against the dictatorship and the people chosen by Perez Jimenez to take over the unions. They also convinced the International Labor Organization leadership not to recognize those who arrived at the ILO's annual convention as Venezuela's representatives.

Meanwhile, the military government in Venezuela between 1950 and 1957 tried to normalize labor relations by promoting "independent," i.e., apolitical, unions.

When Perez Jimenez fell on January 23, 1958, union exiles returned to their country, now more experienced in international labor relations. They resumed their positions in union management, taking control of or creating new governing boards in federations as well as small, local unions; unions of diverse political tendencies now took advantage of the opportunity for unification, re-joining the original unions.

According to Cecilia Valente,

support from labor. . . was critical in bringing the democratic to power in 1958; labor's continuing endorsement of the ruling administration is one of the elements which hold the Venezuelan democracy together.²⁹

Thus with Jimenez' fall, socio-political conditions required a social pact that would guarantee the success of the recently initiated democratic revolution. Employers and workers, the two most relevant social forces in any industrialized society, recognized the historical significance of the time, shortly negotiated and agreed upon a guaranteed labor peace.

The process of agreement that ended in this pact can be traced through the following events. Immediately after the fall of Perez Jimenez, the Union Unification Committee was reconstructed with the cooperation of the Union Secretaries of the various political parties; the Committee would constitute a central--and provisional--governing body for the recently repressed workers' movement. The following independent groups and political parties were represented: Venezuelan Communist Party (PCV), Republican Democratic Union (URD), Democratic Action (AD), Christian Social Party (COPEY), and the representative of the governing junta which was, at the time, in control of the country.*

2. Structure of the Unions

The Labor Law, Title VI, Article 171, outlines this structure:

The right of association in trade unions is acknowledged to persons of either sex working in the same enterprise and to those who exercise the same trade or profession, or similar trades or professions, or those related, whether of an intellectual or manual nature.³⁰

The Labor Law and its regulations form the structure and requisites for the unions. Currently, the Venezuelan union movement is organized into "business" (professional) and industrial unions. The labor shop is the minimal organized unit within the union structure. Legally registered unions

*In March of 1958, the Venezuelan government announced the immediate reaffiliation with the International Labor Organization, from which it had withdrawn during Perez Jimenez', dictatorship.

may also form federations and confederations (Article 193, of the Labor Law). Relevant points of law will be discussed in this section.

Three large labor confederations now exist in Venezuela, managed or controlled by the three largest political parties. Each party has its own ideology, toward the majority of federations and unions align themselves accordingly.

CTV: Labor Confederation of Venezuela

CTV is the oldest, largest and most powerful federation in Venezuela, with approximately one million members. CTV was founded in 1941, during the government for Democratic Action (AD), which gave it major support; since 1958 it has also been controlled by the AD, although ideologically it is closer to the Social Democrats. CTV's current president, Jose Vargas, is also a senator representing the Democratic Action party. According to Cecilia Valente in her book, The Politics, Economics and Labor Climate in Venezuela:

The CTV has been compared in style and substance to the AFL-CIO. One official U.S. labor report elaborates on the similarity:

The top leadership of the CTV has had close ties with the AFL-CIO over the years of exile during the Perez Jimenez dictatorship when the AFL-CIO lent them moral and tangible support. This factor along with the early dominance of the American-based firms in Venezuela's economy has contributed to many terms and concepts parallel to those

of the AFL-CIO. Among these parallels:

1. The tendency toward pragmatic rather than ideological solutions to problems.
2. An emphasis on formal separation of the CTV from party affiliation despite. . . the strong historical tie between AD and the CTV; and
3. Structural similarities between CTV and AFL-CIO organizations.³¹

But in spite of AD's control over CTV, representatives from other parties sit on CTV's governing board, for example, Rafael Leon, is a member and National Congress deputy for the Christian Democrat party. Also on the board is a representative from MAS (Movement to Socialism), a group with leftist orientation. Internationally, the CTV is affiliated with the Inter-American Regional Organization of Workers, and its parent, the International Confederation of Free Trade Unions. It maintains active and bilateral relations with the AFL-CIO in the United States and Canada.

The second most important union in Venezuela is the Confederation of Autonomous Unions of Venezuela (CODESA) with 50,000 members. Founded in 1958, most of CODESA's unions are influenced and supported by the Christian Democrat party. Not surprisingly, CODESA's influence changes with the political scene. The Christian Democrats (COPEI) are now in power, making CODESA more powerful than usual. Following a unilateral spirit, CODESA's major international links are to the International Christian Democracy of West Germany and Italy; it is also linked to the Confederation

of Latin American Workers (CLAT) and the Regional Organization of the World Confederation of Labor (WCL).

The third major union movement in Venezuela is CUTV, controlled equally by leftists and Communists. CUTV was founded in 1963 as the result of a separate movement and dissension among leftist groups. There are approximately 185 CUTV unions, with around 200,000 workers. Its governing board is the country's brightest and best organized, with considerable influence over workers, including those not affiliated with it. Its greatest influence is among textile, rubber and metal workers in the zone around Guyana. CUTV maintains close international relations with socialist and Third World countries, with the Latin American Workers, the Permanent Congress for Trade Union Unity (CPUSTAL), and the Communist World Federation of Trade Unions (WFTU).

3. The Unions in the Venezuelan Situation

The influence that trade unionism has on all aspects of political and economic life in Venezuela is unique in Latin America, completely different from unions in the United States.

In its position of power, it represents ninety percent of all other unions organized in the country. It has had a significant impact on the country in the last ten years on the political, economic and social levels. In 1978, under Venezuelan President Carlos Andres Perez, a tripartite

consulting commission was established, made up of the president of CTV, the president of Fedecamaras--the key private enterprise organization--and the Minister of Labor, to solve problems in labor policy. CTV also has strong representation in the National Congress; it uses this power to approve social and labor laws, among them the "Law Against Unjustified Dismissal."

Economically CTV is very strong, due to affiliate contributions. CTV controls the largest-grossing bank in the country, Banco de los Trabajadores (The Workers' Bank), whose directors are also on CTV's Executive Committee.

CTV's president, Jose Vargas, remarked in a report presented to the VIIIth Congress: "In financial matters, we must recognize that, for the first time ever, the CTV is assured of its economic independence."³² This is important, since CTV has from its advent in 1941 depended on the government's economic help, as well as subsidies from smaller unions and outside donations. During CTV's Vth Congress in 1964, the Confederation resolved to create enterprises that generated work, social development and housing. Thus arose first the Savings and Housing Credit Corporation (CORACREVI), founded on September 30, 1965. The most important financial step taken was the creation of the Bank of the Venezuelan Workers (BTV--Banco de los Trabajadores de Venezuela), a move backed financially and morally by the Venezuelan government, union affiliates to CTV, and a loan from the AFL-CIO of 27 million bolivares.

Based on these two enterprises, CTV has amassed an economic empire now calculated at over 500 million bolivares.

CTV seeks out the best economic advice, then fixes economic guidelines or publishes statements of their position and recommendations on economic matters. Each day, the newspapers carry examples such as the following:

The Consulting Council of the CTV this week returns to approve a document elaborated by the Commission of Economists which points out not only aspects of the country's economic situation but also gives in-depth and concrete recommendations for the restitution or compensation of the deteriorating salary of the workers, as a direct result of the high cost of living.³³

Jose Vargas declared in relation to the encyclical, On Work, by Pope John Paul II:

In the papal message, capitalism is condemned. Man is pointed out as an end in himself, and not a means of production.

In Venezuela, the economic policies of the "Chicago Boys" accentuates this economic model without even adapting it to conditions typical of Venezuela. The president of the CTV feels that the views expressed by the Pope coincide with the strategy of the objectives of the CTV. Vargas states, "The idea is that the totality be co-ownership."³⁴

4. Influence of the Unions in the Political Parties

Internal Distribution of Power

The Democratic Action Party created CTV at the IInd Workers' Congress of 1947; it was declared illegal in 1949. The union movement, pluralistic and unified under the 1958

democratic government, continued until 1961, when Venezuela's socio-political conditions and the influence of Cuban revolution divided the status quo parties from leftist ones, producing the CTV. In the following years serious divisions were produced among the workers, practically ending pluralism in the country's extent unions. During this time, CTV has been able to count on the moral and financial support of Venezuela's largest institutions; it has slowly incorporated diverse ideological and political currents and a new expression of pluralism; though lacking the profundity of the years 1958-59, it is essential, in understanding this study, to realize how powerful and has popular this union is, which has backed the proposed codetermination law in Venezuela.

The VIIth Congress included in its Executive Committee, besides the traditional political currents, the MAS (Movimiento al Socialismo--Movement to Socialism), a leftist party. In the recently held VIIth Congress, other leftist parties were included, such as the Movimiento de Izquierda Revolucionaria (Leftist Revolutionary Movement) and Vanguardia Comunista (Communist Vanguard). Today, therefore, CTV represents all political parties. This is possible only by decision of the majority party, Democratic Action, which controls the Executive Committee, giving it the following present structure.

Political Forces*

Distribution of Posts in the Directorship of the CTV

	Principal Com.	Executive Com.	Chief Council	Disciplinary Tribunal
AD	9	7	45	4
COPEI	3	3	16	2
MEP	2	2	10	1
MAS	1	---	2	---
URD	1	---	2	---
MORENA	1	1	2	---
MIR	---	1	---	---
VANGUARDIA CO-MUNISTA	---	1	---	---
INDEPENDENTS	---	2	---	---
PCV	---	---	1	---
	<hr/>	<hr/>	<hr/>	<hr/>
	17	17	78	7

*Source: Revista Sobre Relaciones Industriales y Laborales
October/December 1981, No. 7, Caracas, Venezuela.

Clearly, political parties currently active in Venezuela favor CTV's strengthening. If the Social Christians sustain a minority confederation such as CODESA, it is also true that the biggest union force in politics (Christian Democrats) is concentrated in the CTV. Moreover, the union faction or bureau (made up of union directors and represented in each party's national committee) of AD is the most important, constituting a determining factor in the AD. Finally, this faction has permitted AD to vindicate itself and has contributed to AD's continuing strength, despite two electoral defeats for the presidency of the country, in 1968 and 1979. Now, with the proposition of a new development model incorporating worker participation, CTV continues to favor the recuperation of the AD.

Note in particular that all unions in Venezuela figure importantly in the structure of political parties; what is known as the "syndical faction" is made up of the union directors and is represented in each party's National Committee. This influence increases daily and the case of the AD is a good example; every election year, the union fraction proposes the party's presidential candidate, as well as candidates for the National Congress' and senators. Many union leaders already serve in those capacities. "Worker" representatives and senators in the National Congress use their power to approve laws in favor of the working classes, which basically have a populist and demagogic content. These include the "Law Against Unjustified

Dismissal" and laws concerning workers' wages and salaries.

The relationship of the international Social Democrat's political doctrines with AD has strengthened especially during the sixties. One reason is that CTV maintains ties with CIO SL, a worldwide union organization with offices in Latin America, controlled by Social Democrats who form part of the Executive Committee.

What will the future relationship be between Democratic Action, CTV and the international Social Democrats? It will center on worker participation as discussed further on.

At this point, the relationships of Venezuelan political parties, unions and government will be examined.

The AD and the Social Democrat party of Germany, as was mentioned earlier, have maintained close ties for a number of years; worker participation as preached by Social Democrats in Venezuela is the one used in the Federal Republic of Germany. Worker participation in Venezuela is seen as viable in Venezuela because of the ties that already exist between the AD and CTV. It has already been announced that ". . . a group of young leaders [of the CTV and AD] have been sent to study in Germany and Israel."³⁵

Finally, Cecilia Valente states:

The inextricable bond between labor and politics in Venezuela is illustrated in the unions' unique procedures for electing officers or directors, described here by a leader with the construction workers' union attending an American Institute for Free Labor Development Seminar in Front Royal, Virginia:

First one must belong to a specific industry (construction, shoes, clothing, transport, etc.). Next, if one belongs to a political party. . . we organize that portion (of party members) of our industry. This group meets in the local party headquarters, and there the nomination of candidates who will represent us in the industry's general elections takes place. The Executive Committee is determined from these direct and secret elections; in the majority of cases, it comprises nine slots. The allotment of directors on the union's Executive Committee is proportional to the votes gained by each current of opinion, that is, each party. . . Representatives to Congress are elected in a similar manner.³⁶

5. The Unions' Current Situation

Together with their political power, the unions have a new role in the planning of Venezuela's economic development. This is particularly important in a country where the private sector had not bothered in the past to improve living and working conditions for the workers until forced to by the pressure of collective bargaining agreements. The public sector is equally guilty, since none of the elected governments to date have come up with effective solutions for the country's social problems, in spite of huge fiscal resources generated by the country's oil and mining industries.

Faced with this situation, CTV has proposed through its economic assessors plans for changing Venezuela's

economic structure. It was precisely the unexpected and steep rise in the cost of living that mobilized CTV at the end of 1979; the confederation petitioned the National Congress and was able to pass a law for general increases in wages and salaries as compensation for the rise.

In August of 1981, the Consulting Council of CTV approved a document put together by its Economic Commission. It was an in-depth review of the country's economic situation, with detailed recommendations to correct it, among them plans to compensate for deteriorating worker salaries.

Jose Vargas:

Venezuela is a state capitalism and therefore one must recognize the situation, and not try to resuscitate Adam Smith and his classic capitalism.³⁷

CTV's present strategy is to radically change the structure of the state, based on a social pact and emphasizing the 1982 proposals. Clearly this is a political move, since presidential elections will be held in Venezuela in December of 1983. Those most interested in the outcome are, of course, Jose Vargas, and the Democratic Action party. It must be kept in mind that Vargas apparently plans to change Venezuela from a capitalist-producer model to a socialist model. He has declared: "Conditions in Venezuela have reached such a point that one must think of a total change in structure, a new economic model, a revolution, a change to socialism."³⁸

Meanwhile, it is interesting to note the rise of

leftist parties in unionism. Traditionally, the AD (Social Democrats) has controlled Venezuelan unionism, but recently, MAS (formed in 1971 after a division in Communist Party ranks) has become a genuine force in unionism, along with other left-leaning parties which have attained considerable power wherever they operate, such as the iron mining and steelmaking zones.

At the same time, FEDECAMARAS has adopted dialogue rather than confrontation with the unions. The president of FEDECAMARAS has declared:

The organized Venezuelan Empresarial Movement is a progressive movement, open [to new ideas], which works for the consolidation of an economic growth with social justice, because we know that with a better distribution of resources and worker participation in the resources generated by private enterprise, we will be guaranteeing the survival of our economic system and affirming democracy.

He further states:

We of FEDECAMARAS are convinced that a free enterprise can not exist without a strong and organized union movement which is capable of discussing, of analyzing and of coinciding [its goals] with the Empresarial Movement whose objectives are the most important and transcendental of the country.³⁹

A. Current Problems in Venezuelan Unions

Venezuelan unionism has its problems; for many, unionism has lost its position as a leader in the class struggle and a champion of workers' rights; they see the

unions as appendages of the political parties, even though this situation is prohibited by Article 205 of the Labor Law:

Organized unions formed by the workers may not affiliate nor ascribe themselves to any national or foreign political party or association.⁴⁰

In spite of this prohibition, Venezuelan political parties control the unions, using them for propaganda and proselytizing. Less and less workers affiliate themselves with unions every day; some groups, of course, never have.

The most important unions, including CTV, have been accused of becoming bureaucratic and, in some cases, of actually selling collective bargaining agreements; this refers to management arriving at an agreement with the unions over contract conditions without consulting the workers. In January 1982 the powerful Federation of Metal Workers (FETRAMETAL), controlled by the AD and COPEI, received approximately \$500,000 for a contract with SIDOR (Metalworks of the Orinoco), the most important iron processing plant in the Orinoco State. When this fact was uncovered, the Caracas press gave it enormous publicity because it showed unscrupulous maneuvers by the unions. Resumen Magazine of Caracas wrote:

The situation of FETRAMETAL is an expression of the tragedy of the extremely high degree of corruption and bureaucratization that exists in some sectors of the workers' movement.⁴¹

CTV has been accused of intervening in unions that do not accept its proposals or directives.

Another, better founded, accusation is that union leadership does not practice internal democracy. Consider Jose Vargas, president of CTV for seven years now; defeating others who were never really candidates, he has tried to create an image of an "eternal leader." Vargas and the other entrenched leaders are now referred to as "oligarchs --from a privileged class, hyperpowerful, above the law, and in a sense, a class Mafia."⁴²

Charges concerning the unions' financial activities are stronger and easier to define. They are accused, with some justice, of refusing to disclose their financial statements, particularly to the workers whose union dues they collect. It has been claimed that union income received from private business goes directly into the private bank accounts of unions leaders or to the political parties.

6. What is the Future of Unions and Worker Participation?

The VIIIth Congress and Unity--October 1980

The 1,278 delegates who attended the Congress were representatives of 24 regional federations, 43 national federations, the Rural Workers' Federation, the Executive Committee of CTV, and the Central Council of the union.

Of the 68 federations, the AD dominated with 53, COPEI and MEP had two each, MAS had one.

The united platform was secured through the majority vote of the AD. The dominant AD party was magnanimous in victory, presenting a climate of unity and cohesion it has long sought. A united and harmonious front within the workers' control is now necessary in view of the newly proposed worker participation model.

Of course the size of the majority forces favors a union bureaucracy rather than a true representative base. The current economic and political situation produces the need for union unity--unemployment, high cost of living, industrial insecurity, the government's fiscal and economic politics. . . all this requires a change of direction. CTV's own economists, headed by Dr. Maza Zavala, presented to the confederation's Congress a reference work which served as an outline to the country's present situation, Analysis and Diagnosis of Society Today. Previously, through its deputies in the National Congress, CTV had offered a new development model: FEDECAMARAS had done the same through the Letter from Maracaibo. In return, CTV called its model The Margarita Manifesto (or Porlamar), with worker participation at its core. The private capital sector, after the publication of the Letters, grew uneasy, imagining a precise duplicate of the German model. The question was whether the model would resemble the accords reached for the coal and steel industries, or would it be closer to the Law of July 1976 concerning businesses employing more than 23000 workers--which meant less participation. Would worker

participation include all aspects of decision making, or would it be limited, as is the German model, to problems and decisions at the personnel level?

The expectations for the future law were enormous, and worker unity was a radical requirement.

Precedents for the Worker Participation Proposal

The worker participation proposal was new and sudden. But CTV was quick to respond, and now has a Department of Worker Participation and Development. In May 1979, a seminar was conducted on historic models in Germany, Yugoslavia and Israel. Reports presented at this conference were published in Worker Participation in the Management of Enterprises. A May 1980 seminar on the "University and Unionism in Venezuela," proposed a commission to study worker participation in the management of private businesses: the Department of Worker Participation of CTV formed the commission, which later published a report entitled, Thesis on the Participation of Workers in the Venezuelan Economy.

The Bases for the Model

CTV has constantly reiterated the need for economic reform. Industrial development had been adequate for Venezuela until recently, when collective bargaining arrangements began to lose their power and authority. Resolution of the problems of unemployment, industrial safety, the

high cost of living, etc., requires worker participation. Workers have trained themselves to succeed in such a capacity. Venezuela is not ruled by pure capitalism based on private enterprise, but by state capitalism. The state controls 50 percent of the finances; in spite of this, businessmen make an estimated 2.5 times more money than businesses in other countries, even though Venezuelan workers are kept out of the decision-making process.

Guided by these premises, CTV concluded that the scheme of formal democracy had exhausted itself; defense of liberties requires a step forward, from formal democracy to active participation.

Its construction rests on different levels. The fundamental axis would be worker participation in the management of all phases of production and social transformation. This would entail participation beyond the economic level to include different aspects of community life, creating for the codetermination system a place side by side with other political institutions. Such a transformation would work to elevate the quality of life for everyone in the country; the economy would be guided by the principle of optimum social benefits taking precedence over the functions of the marketplace or the interests of a free enterprise system.

In the opinion of Jose Ignacio Arrieta, member of the Executive Committee of CTV and Representative of the MAS, the Venezuelan model for worker participation:

. . . would embrace therefore all the mothers of ideas, that is to say, the entire social life [of the country]. However, this particular proposal refers only to a fruitful arrangement between the CTV and business management.⁴³

Regardless of this affirmation, worker participation does not imply any rupture or contradiction with existing state capitalism. In the introduction of its official proposal, CTV states its belief that conditions of the capitalist system in Venezuela leave room for participation. That is, participation is compatible with state capitalism and the regimen of private enterprise, as shown by West Germany.

Future Problems for Participation

Since little information is available on this point and worker participation is not now in practice in Venezuela, a full analysis is impossible. Yet since the project has been presented by CTV, and we understand the current socio-political context in Venezuela, significant points can be investigated. The primary aspect is worker training. Strong industrial unions are a fundamental condition for worker participation, as is the formation of human resources. Thus a massive media campaign explaining the idea of worker participation is necessary, before the establishment of work-councils. Workers must be educated and trained to work out problems that will arise as participation filters into the workplace. Another point, already mentioned, is

how to present the concept of worker participation; given the model's limits; objective and mechanisms are at present very generalized.

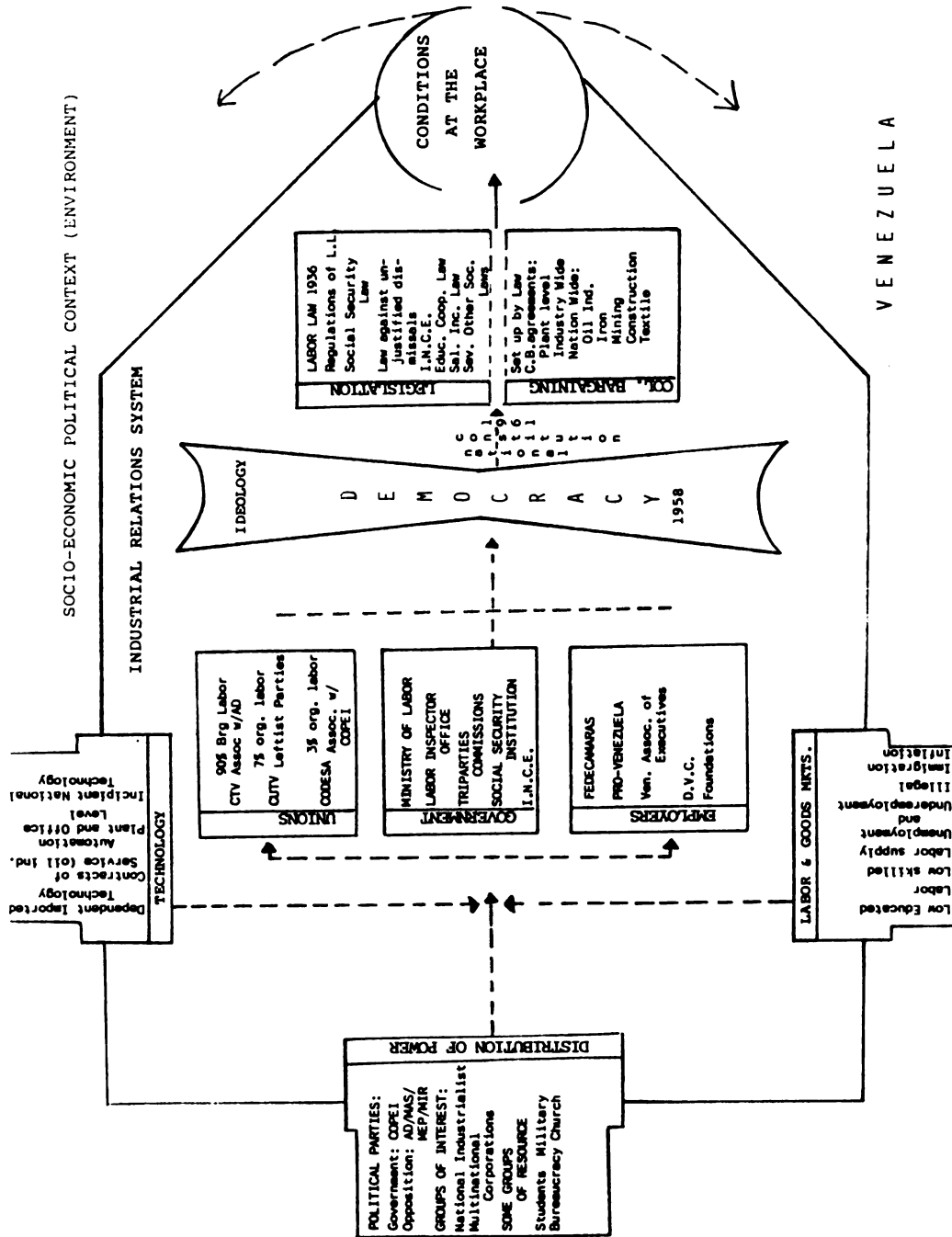
It should be remembered that the full reactions of management have not been seen; it apparently believes that most worker participation concepts will be applied to state-run enterprises. But the union wishes to apply the principles to all industries and enterprises, public and private, in the country. To do so it will probably be necessary to create appropriate legislation.

Venezuela, like other Western countries, sees itself affected by a new model of industrial relations one of whose objectives is to end the historic hostility between white and blue collar workers. The evolution of human values during the last decades and the constant questioning of traditional socio-political doctrines, the arrival in the labor market of a great mass of more well trained and demanding workers, and Venezuela's stagnation have made an improvement in working conditions and worker participation in the decision-making process indispensable.

In Venezuela this is planned on a short-term basis, using the so-called "Theory of Worker Codetermination," about which almost nothing is known. The first concrete steps, the first studies and the first attempts, have been made by the unions. This presents a challenge for the industrial relations' professional which can be summed up in two questions: are we prepared to confront the new labor-

management relationship? What will be the role of the industrial relations manager in this scheme?

Figure 1 clearly shows how the actors with their norms behave in the current Venezuelan model of an industrial relations system. This chart will also show how the actors previously described will be affected by the adoption of a codetermination model within the economic, political and social context of the country. It is to be hoped that the codetermination model adopted will eventually be applied not only to large, government-owned, public sector industries, but also to the medium and small businesses in the private sector, modifying not only the traditional worker-employer relationships, but also the economic production scheme of the country. The graph is an adaptation of the Dunlop model.



Footnotes

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V. CODETERMINATION IN VENEZUELA

A. Antecedents

At the VIIIth Workers Congress in Porlamar, Venezuela in October, 1980, the executive board of CTV issued a document entitled The Porlamar Manifesto; containing critical essays on current Venezuelan society and pointing out serious balances in politics and social strategies. It stated the aspirations of the workers' movement in the 80s--the creation of a new model for social development.

The document showed that factors contributing to this imbalance were: the lowering of worker's living standards, pronounced and persistent rise in the cost of living as salaries and wages remained low, unemployment and under-employment, unequal distribution of income, a housing shortage, and insufficient public services.

Furthermore, the report characterized state capitalism as an extension of state domination in key economic activities in the country.

The consolidation of the situation in the public economic sector will be a capital entity possessing its own income, investment potential employment, and spending power comparable to the private sector--and in some cases is superior to it--and a decision-making power over production processes, exportation, financing, importation, greater strategic reach--only the economic field--exercised by the private economy, independently of the institutional powers which it possesses as a state to orient and regular macroeconomically the process of function and development of the country forms the singular and dominant characteristics of the national organization

which conditions all of the economic arrangements in Venezuela and which can be qualified as state capitalism. Any projected social-economic transformation in the country must base itself on this reality, which undoubtedly conditions positively the developmental plans and programs and impedes--favorably--the attempts to re-take the economy by the old liberal avenues, through the absolute monopoly of economic activities by the private sector and the prevalence of the so-called "Free enterprise system." 1

As principal mechanism for economic growth and decisive actor in the re-distribution of income, the state has greatly favored use of private capital (which in turn depends on the state for certain concessions and subsidies), leaving worker participation to one side.

Examination of the country's situation in recent decades has shown it necessary to define a new model for the nation's life. The starting point is democracy in all areas: institutional, political, economic and social.

The Porlamar Manifesto expresses the belief that political democracy constituted a high priority objective for the union movement from its beginnings. This explains its alliance with other advanced Venezuelan social sectors, since only regimes of public freedom permit a free union movement. If this is true, current Venezuelan Democracy is insufficient. It is representative and limited, and must be transformed into a true social and economic democracy, an integrated and participatory democracy pushed and stimulated by Venezuelan workers and their organizations.

A democratic society which is open, free, progressive, and nondiscriminatory is the most authentic and fullest expression of democracy. The democratic society is of necessity, participatory, not only in the sense that the citizen may participate in the decision-making process which controls his destiny, but also because this process is an indissoluble part of the social network and all its organic components. Society's institutions participate effectively, integrally and continually in this decision-making process. It is therefore necessary to differentiate clearly between a representative democracy in which the people periodically delegate their sovereignty, their decision-making and their power to control, and participative democracy in which without a cessation of functions and naturally active mechanisms (production and reproduction systematically of power, control and execution) the multiple expressions of the society reveal not only the presence but the actions of the people. In some ways, democracy as it is currently practiced in Venezuela continues to be representative, and therefore not fully participatory. We the workers proclaim the need to go to a participatory democracy integral to popular activity.²

The Porlamar Manifesto points out the significance of work as a decisive factor in economic progress; since workers constitute the fundamental factor in the production of goods, their participation in decisions affecting the creation and distribution of wealth is necessary. This means a transformation of society in which labor acquires a new dimension through the union movement, demanding the right to participate at the center of the entrepreneurial arrangement system.

Organized and institutionalized worker participation is the principle enunciated by the Porlamar Manifesto and

should be assimilated into the new model of social development for the exercise of economic democracy. This proposal has socio-political significance because it introduces principles and mechanisms of participation into economics which characterize and make possible democracy at the level of global society.

Political democratization does not imply the elimination of power, but rather, the widening of its base, and does not necessitate anarchy as it does acknowledge lack lines of command and decision. On the contrary, political democratization is true legitimatization.³

CTV has said that codetermination is compatible with state capitalism and private enterprise, a factor which favors implementation of codetermination. "The strategic nucleus of the project consists of the democratization of Venezuelan society by democratizing the state and private enterprise."

It should be taken into account that the characteristics and general principles of codetermination do not constitute a definite formula for its use. As of this writing codetermination in Venezuela is only found as a project, to be debated and carefully studied so that its faults and defects are recognized. This would ease any transformation. On the occasion of the VIIth Congress in 1980, CTV's Department of Development and Codetermination and the Latin American Institute for Social Investigations put together an important document entitled Worker Participation in the

Venezuelan Economy which served as a basis for the corresponding deliberations at the congress. It contains the general outlines of the project for worker participation in economic arrangements and in decision-making procedures in management. Here the document serves as a guide to discussion of characteristics and principles for codetermination in Venezuela.

1. Fundamental Basis of Codetermination Rights

In the model contemplated for Venezuela, codetermination is based on the rights of the owner and the workers to participate in the arrangements of a company, equally with the owners of the property, in constituting essential elements in the production process. This right to codetermination was expressed in the following terms:

The Venezuelan workers, who contribute the most to the production of the nation's wealth, demand the right to decide the destiny of their labor and to participate in the actions of their companies.⁴

The right to codetermination is contrary to the model based on co-ownership. The latter expresses the right of workers to participate in entrepreneurial arrangements, an idea derived from the concept that makes workers co-owners of a company's social capital. The Porlamar Manifesto states that co-ownership is not to be confused with codetermination:

Codetermination is not aimed at snatching (or tearing down) the property of private owners, nor of buying stocks, because it does not deal with

the lure of popular capitalism. This has been proposed by employers and has been defeated in many parts of the world where its establishment has been attempted.⁵

2. General Outline for a Global Project of Worker in the Process of Decision-Making in the Economy.

A description of the characteristics and fundamental principles of the general characteristics and fundamental principles of the regime will be given. Next, ideological pluralism and democracy are discussed. Ideological pluralism should be reflected in the organisms of codetermination; democratic methods and principles must exist in the entire system.

a. Levels of Application of Codetermination

Codetermination as a central principal must be carried out at all levels, including the highest levels, since it is understood as an essential economic unit of production.⁶

Codetermination in the Work Place.

Codetermination is considered necessary at this level since one of the objectives of the proposed system is the humanization of work. With codetermination at this level, it becomes easier to transmit and listen to complaints, demands or suggestions coming from the workers; their claims can be individualized without altering labor discipline.

All of which will help solve immediate problems such as low production, absenteeism, noise, inadequate illumination, monotony of tasks, existence of dangerous or toxic substances, etc.

Codetermination in Middle Management Levels.

Codetermination is considered necessary at this level for workers to feel like more than a production factor in the company. Codetermination at this level insures that policies concerning personnel and human resources, do not merely serve immediate economic interests.

Codetermination at the Highest Management Levels.

Where the objective is to plan an economy which takes into account social interests as well as economic growth, without sacrificing the former for the latter, codetermination must be integrated at the highest levels in the planning of the general economy and social policies in the country. This ensures that economic matters are not paramount, but instead are considered alongside other national and social issues.

Analysis of what needs to be done to implement codetermination at this level led the VIIIth Congress to create the National Council for Economic and Social Affairs which stated:

We believe and sustain that the principle of codetermination should not be restricted only to the field of business, but should be extended to other areas of social activity and public arrangement. It is necessary to create the structures and mechanisms which would make possible true participation of organized and representative sectors of Venezuelan society in the process of decision-making in social, cultural and economic policies, whether global or sectarian in the national interest.⁶

This is not a new concept in Venezuela. With the political change of 1945, the National Economic Council was created, with representation balanced between capital and labor. In 1966, a special law established the representation of workers on the Boards of Directors of Autonomous institutes, state corporations, and public organisms for economic development. But several factors require a revision of these schemes to make them genuinely effective in responding to Venezuela's current needs: the close relationship between the State and private sector activities, the need for large-scale programs and recognition of their complexity, and the workers' natural inclination to avoid deviation in the process of socio-economic change.

Based on these considerations, aside from codetermination (understood as "the organized or institutionalized participation of workers at all levels of decision-making in economic activity"), the creation of a National Council for Economic and Social Affairs was proposed, which, while recognizing the legitimate function, the government, would constitute a hierarchy for assessment and consultation on

everything related to the formulation of social and economic policies, as well as their programming and evaluation. The council would represent capital, labor, the technical sector, representatives of legislative power and the national executive (Republic President). The Porlamar Manifesto states that this council "should be able to count on sufficient human technical resources to enable it to carry out its responsibilities effectively."⁷

b. The Origin of the Codetermination Movement

The proposed model attributes exclusively to union organizations the origins of the codetermination movement. CTV is given the right to codetermination at the highest levels, that is, representation of the workers at top management levels. This responsibility is shared with the National Industrial Union and with the basic union organization (which will be solely responsible for disseminating codetermination rights in the intermediate and lower areas for codetermination).

The Porlamar Manifesto sets aside the idea that the right of codetermination is given to representation by election of personnel or representatives of diverse labor categories, since both forms contribute to the weakening of the union as a unit. The former creates double representation of workers which can cause a confrontation between the groups. The latter may produce a weakening in the unions by causing a large division in the hierarchy of the different

labor groups which still have not been able to integrate themselves. On the other hand, increating these new forms of representation, employers may become more meddlesome than under normal union organization.

For these reasons, the Manifesto clearly states that the union organization is the ideal leader in codetermination.

c. Role of the Union by Branch of Industry

The creation of national unions corresponding to the branch of industry is considered a necessary requisite for codetermination. Advantages to this include its effectiveness in overcoming structural faults which weaken the worker movement--for example, the existence of isolated organizations conceived under the old labor-management scheme as compromises between labor and management are not presently integrated into the economic context of the national system.

Conscious of this unfavorable situation, union leaders have made serious plans for changing the structure of the unions to strengthen them and give them a greater capacity for negotiation.

In 1977, Jose Vargas stated:

We must look at the atomization of the Venezuelan union movement. The presence of 800 unions in the entire republic is not a sign of strength, but of weakness. The little groupings in each state, in each region, in each industry--which met the needs of the past--today impede the realization of the large-scale plans of transformation which we have made.

We have been waving the flag of industrial unionization--a need not to be postponed, and also an urgent one--so that the working class will have the perfect instrument with which to meet the future. We must proceed to the reform of the labor law in order to create unique trade unions according to each industry.⁸

Favorable conditions for the creation of national unions by branch of industry:

1. State capitalism embraces such a wide range of industries and services that it will make the creation of national unions much easier, improving collective bargaining mechanism and arrangements for worker participation in management.
2. The private industrial sector, which has been operating in modern industries for the last two decades, allow the old unionism to be restructured by official communication.
3. Existing conditions for the coming together of workers, managers and the state have improved greatly in the last few years. Codetermination at company level depends on the existence of national unions since:

only this type of unionization can achieve among us a sufficient degree of organization, of independence from the management and of economic power, as to be able to exercise codetermination.

On the other hand attaching the right of codetermination to national industrial unions will avoid one of the dangers that has received major attention in codetermination on an industrial level. That is, the creation of a corporation between workers of different companies within the same industry or activity, or the workers involved in codetermination looking only for the interests of a small group (themselves), losing sight of the general class interests.⁹

d. Characteristics of the Future Forms of Full Co -
determination and Partial Codetermination

Full Codetermination

Full codetermination applies to those companies owned at least in half by the state. It also applies to those companies in debt to the state and those enterprises with more than a fixed percentage of active stock belonging to the state, although the capital belongs legally to private owners. The project also declares that the term "enterprise/company" is used only in an economic sense, ignoring other, legal definitions.

Organization of Companies with Full Codetermination

Creation of a Parity Organ (Directive Board)

For companies with a mixed economy, representation on this board will be one-half state and private ownership, and one-half worker representatives. The board will have a minimum of six representatives. CTV will name representatives, taking into account the national union by branch of industry.

Functions of the Directive Board

Approval of the annual budget, production plans and collective bargaining; designation of president and managers.

The personnel manager must have unanimous support of the worker representatives. The board will also decide distribution of profits, capital investment, company and basic contract decisions.

Forms of Presidential Designation

The president will administer the company and sit on the directive board, where he will have a double vote in case of a tie. Depending on the company, the president will be designated by competitive examination, or by the board of directors, or by assignment by Venezuela's president.

Within these guidelines for a new structure of public companies based on codetermination, the project also provides for the creation of a separate, wholly union group, which would monitor progress and control goals.

Partial Codetermination

Partial codetermination will be applied to private companies, and depend on each company's characteristics. So far, no rigid guidelines have been established. Differences between state-owned and privately-owned companies are made for tactical reasons; there is no essential difference between their forms of codetermination. Codetermination is more completely developed in a state-owned company; more

resistance to codetermination is expected from the private sector, and therefore implementation is delayed somewhat.

If the basic foundation of the right of codetermination which justifies this project does not vary with the fact of ownership of the means of production, whether state or private, it is evident that the theme should be considered with optimum clarity in view of Venezuela's realities and practices. At this historic moment in our country in which principal industries are in the State's control, it is urgent to achieve with a short term, full codetermination in public enterprises as a democratization of state capitalism, although this might not be accompanied in the beginning by an equal amount of codetermination in private industry. This possibility of a defense of the current system based on anachronistic ownership criteria has even been admitted as a certainty by some members of the national company group. In that case it does not seem practical to hold up an urgently needed process which is possible to achieve in a short term sacrificing the unification of the whole system to a long and arduous struggle.¹⁰

e. Ways to Implement the Proposed System

Legislation

The most important and perhaps the only way to implement codetermination is through legislation. Preserving fundamental principles of worker participation, the law should establish to which type of enterprise the two possible forms of participation will be applied (full or partial). The organic law should be accompanied by various regulations adjusting the fundamental principles to each enterprise or

group of companies.

Possibilities of Experimentation in a Limited Area

CTV's project outlines a limited experimental plan, introduced through legislation and implemented through bargaining agreements, while the general system is taking shape.

f. Training of Union Groups

It is believed that training is a critical prerequisite for the successful implementation of codetermination.

In order for a codetermination to be possible, two components are required: one, the creation of strong national union, by branch of industry; second, the training of union officials for competent participation in company matters.¹¹

Workers and their directors' representatives must possess sufficient managerial skills, technical knowledge, and economic and political education to carry out their duties and responsibilities in codetermined companies.

Conscious of this, CTV-ILDIS, the commission which drew up the VIIIth Congress' report on codetermination, included supposed guidelines of a training plan for human resources for the participation of workers in matters relating to the economy in general, and the company's in particular. Their principal points are as follows:

Massive campaign

Directed at all workers, the campaign would produce people who understand the fundamental ideas of codetermination and who are: capable of determining by themselves the causes of social differences in Venezuela; capable of discussing the fundamentals and objectives of a codetermination regime, at a general and a company level; conscious of their company's economic conditions and the constraints the market places on the company's development.

Training workers for codetermination organizations

The project's report provides a more specific profile of the worker's education. A worker at the national or business managerial level in a codetermination system must know political fundamentals, have a general knowledge of business administration and accounting and of relevant regulations; he or she must know something of labor law and economics, social security, and the economics of the industries in which they are employed. On a practical level, he should be familiar with collective bargaining.

Workers who are to serve at the middle levels of the business should have practical knowledge of the problems in the work place, complimented by knowledge of other areas, according to their scope of duties.

B. Actors in the Codetermination Project

Space constraints do not allow as full a discussion of the actors' positions as is necessary to properly understand the intricacies of their role in a possible co-determination system in Venezuela.

1. Worker Actor

In Venezuela, 1936 marked the beginning of a tenacious struggle for recognition of the role played by unions in a modern society and acceptance of them as the legitimate representatives of the workers. The movement acquired relevancy and a philosophical and organizational development during the period of restoration of an active, political and social democracy in Venezuela, from 1945 to 1948. Then, worker participation advocates were imprisoned, exiled or assassinated along with member of the heroic political resistance, by the military junta. With the restoration of political freedoms on January 23, 1958, the union movement committed itself to the structuring and fortification of its organizations at all levels. Since that time, the movement has gained both power and prestige by virtue of its representatives' duties and the seriousness and nature of its objectives, as well as the uncompromising defense that it has made of the democratic system and its constant concern not only for the strengthening of its institutions but for

deepening social and economic concerns.¹² Particular unions and their activities are discussed below.

a. Venezuelan Workers Confederation (CTV)

The Venezuelan Workers Confederation was founded in 1935, during the first Venezuelan Workers' Congress; this was the birth of the Venezuelan workers' movement. Having discussed the history of CTV in Chapter IV, part C, we discuss here its objectives and internal structure.

CTV's objectives are to consolidate the workers' movement in Venezuela, looking out for the legitimate economic, social and cultural interests of the workers, and to collaborate in the structuring of branch unions, national union federations and global ones. More specifically, CTV hopes to raise wages, create permanent jobs, protect national industries and lower the cost of living; it intends large scale literacy campaigns, hoping to raise the cultural level of the worker.¹⁵ CTV will lobby for advanced social and labor legislation and defend the right to organize independent unions vis-a-vis the state, political parties and management.

We can briefly outline CTV's internal structure. CTV's sovereignty is rooted in the workers' congress, which meets every three years; the congress is subordinate to the general council which is, in turn, under the executive committee.¹³

The National Workers' Congress¹⁴

- The National Workers Congress is comprised of the members of the Executive Committee of the Confederation
- The members of the Disciplinary Tribunal
- The members of the General Council
- The Executive Committee of National Industrial Workers Federation
- The Directorship of the Venezuelan Peasant Federation
- The Executive Committee of Regional Worker Federations with one delegate for every 3,000 workers members and an additional delegate for any fraction thereof greater than 2,000 members.

At these congresses CTV authorities are elected, reports are approved and union policy lines are drawn by the Executive Committee.

b. Confederation of Autonomous Unions of
Venezuela (CODESA)

The origin of this confederation can be traced to 1936 with the establishment of the National Student Union (UNE). UNE leaders, in January, 1946, founded the Committee of Independent Political and Electoral Organization, which is today the Social Christian Party. (COPEI)¹⁵ On July 16, 1945, Father Manuel Aguirre created the Caracas Worker's Circle (COC) which was the Source of Christian syndicalists, organizing nationally.

By 1948, in spite of the political climate, the movement campaigned for Democrat Christian Syndicalism. The Organized Petroleum Workers Union (STOP) and other petroleum unions were founded at this time. (COC continued to offer courses in union organization during the Perez Jimenez regime.)

CODESA received the legitimate definitive legal recognition before the Ministry of Labor in 1964; it is now affiliated with the World Labor Confederation (CMT) and, at the continental level, CUSIC (Unitary Committee for Christian Syndicalists) and the Latin American Workers Confederation (CLAT). CODESA comprises 250 unions, 11 National Federations and seven Regional Federations.

The principal purposes of CODESA are to defend the economic, social, moral and cultural interests of democratic and christian workers, while maintaining, its autonomy and following the edicts of syndical democracy. CODESA seeks "to develop and fortify solidarity among the worker-members and with the other workers of the world and country, especially with democratic and christian syndicalists,"¹⁶ lending moral and material support. As does CTV, CODESA aims at creating legislation to protect the worker and defend Venezuela from political and economic aggression. CODESA is also concerned with the cultural and technical education of its workers, looking forward to establishing a labor university with worker participation.

Some particular CODESA proposals include establishing and building hygienic and economic housing. An effective agrarian reform is sought, which awards land to the peasants and lends them technical and economic assistance. Moreover, CODESA will demand that labor laws and other laws which serve to protect the workers are enforced, encouraging radical changes in the current social system, to guarantee justice and provide workers with access to all services and goods which secure human dignity.

c. General Workers Confederation of Venezuela (CGT)

The CGT, founded in 1971 as part of CODESA, seeks material and social gains--improved social security, medical services, and the formation of saving and consumer co-operatives. It has also sought to unite the union movement to popular neighborhood movements. Actually, central CODESA and CGT differ very little.¹⁷

The CGT organizes and co-ordinates member federations, intervening as their representatives whenever necessary and serving in an advisory capacity in collective bargaining situations. The CGT maintains independence from political parties, the government, and management.¹⁸

It proposes to unify all Venezuelan workers of political or religious affiliations according to the principles of syndical democracy. It believes, along with CTV, that industrial branch unions are the best way to unify the workers. Significantly, CGT supports the economic and

special claims and causes of other union organizations.

Most specifically, CGT rejects speculation affecting rents and basic necessity items, and would encourage new jobs, lower cost of living and higher wages; it supports mandatory social security.¹⁹

d. Unitary Central Workers of Venezuela (CUTV)

The CUTV was founded in 1961 during the presidency of Romulo Betancourt, as the result of a split within CTV into two bands, official CTV (friendly to the government), and unofficial CTV (opposing the government). In 1963 the latter formed the Unitary Central Workers of Venezuela. CUTV was re-organized in 1967, and is now affiliated with the World Union Federation (FSM) and, at the continental level, with the Confederation of Permanent Branch Worker Unions of Latin America (CPUSTAL); both have communist leanings. CUTV now comprises 250 unions, twelve national federations, and seven regional federations, mainly in textiles, metallurgy, banking and agriculture.

CUTV objectives include the study and protection of its members' economic, social and cultural interests. It seeks to maintain a spirit of solidarity and maintains and regulates a "resistance fund" in case of conflicts.²⁰

2. Employer Actor

Fedecamaras (The Venezuelan Federation of Chambers of Commerce and Business and Manufacturing Associations) is the largest representative organization for Businesses in Venezuela. Its members include the majority of chambers of commerce, associations, and private federations established in the country for the defense of private economic interests. It was founded in 1944 and acquired legal status with the registry in a judicial record of its constitutional acts, organized by the Guaira Chamber of Commerce, the Caracas Chamber of Commerce and the National Association of Businessmen and Industrialists of Caracas, all of which voted for a new organization which was then federated.²¹

On July 17, 1944 "Fedecamaras was instituted as an open organization to engage continued search for solutions to the national problems, and with the fundamental task of orienting individual initiative."²²

The objectives of Fedecamaras, representing Venezuelan business, are worth quoting fully:²³

to base the harmonious development of national economy within the concept of free enterprise, through the defense, impetus, and cooperation of private initiative in progress made at the national level. . . . to simulate the social welfare of population, devoting time, and effort to working in the public interest, sponsoring social actions programs which incorporate fundamental development strategies. . . . to work toward the full incorporation of a provided incentive for prosperity in different regions of the country seeking the efective balance of

regional development harmonious with the national development as a whole. . . . to harmonize the varying interests of manufacturers, businesses, and services through intersectorial understanding, in such a manner that the growth and performance of the means of production make possible the integration of the diverse components of the national economy. . . . to defend the democratic system, both in the area of harmonious productive process, and in protecting the physical safety of the people as a categorical expression of the constitutional guarantees and other applicable laws of the republic. . . . to declare that it is the duty of all to lend the support and sustenance necessary for the perfection of the democratic system as a valid alternative for the full realization of the human being and the efficient development of our society on the bases of equality, justice and equity. . . . to perfect and encourage business organizations in the country so that they may make an even better contribution to the task of increasing and improving productivity, raising the social level of the populace and the locales or areas in which they conduct their activities so that the country may become less dependent on the economies of other countries.

Serving in the capacity of mediator among the different general interests represented by its constituents and appearing before the relevant authorities, Fedecamaras hopes to promote worker-manager understanding within the law, respecting the rights of both parties.

Fedecamaras created a body of doctrine over its nearly forty year history, including declarations and charters justifying private property and the scope of business from an early economic neo-liberalism through economic "developmentism" to nationalism as the nucleus of managerial

philosophy and the 1980 Maracaibo charter.²⁴

Some aspects of the Charter of Maracaibo interest us, as the main concepts of private enterprise which define the objectives and strategies of this in economic, social and political areas. The charter considers private enterprise, in part, a sacred constitutional right, allowing for an individual's freedom to make decisions regarding his destiny. Private enterprise is a characteristic of the capitalist system and market economy which Venezuela is developing.²⁵ Moreover, it considers the business union responsible for joining the workers, as the true wealth of the nation, to effect production. The function of administration the charter suggests, is inherent in the role of the businessman and implies setting goals, the executing duties and applying pertinent procedures.²⁶

Regarding the relation between the employer actor and the worker:

As the factors of production become sufficiently organized, conflicts for the distribution of the social product are reduced. . . . The social reforms which have been oriented to the transfer of the work force toward greater participation on the national income, must be examined within the broad context which takes into account not only the affects of a rational redistribution of income, but also the morale that a better salary may instill in a worker. From the stand point of distributive equity, it is advisable to promote a greater participation of the workers in the generation of income. For this, adequate mechanisms should be adopted which pose no obstacles to the national production.²⁷

Fedecamaras, with the Confederation of Venezuelan Workers, has enacted guidelines to assure cooperation on diverse social and economic issues, combined actions of the institutions will furnish ideas and other valuable contributions, strengthening the social order and encouraging investment; joint action will also facilitate understanding in the private sector.²⁸

As far as collective bargaining is concerned:

The fortification of collective bargaining contracted in good faith and carried out in like manner with conviction that has the force of law is without doubt the best and most effective remedy to the welfare-state and paternalistic solutions to worker-management problems and demagoguery in whatever form, which have a broad scope of action in the socio-economic situation of the workers. Collective bargaining is in this sense, irreplaceable in assuring a clear understanding among the great factors of economic progress and social advancement.²⁹

Regarding understanding among the different sectors of society, the Maracaibo charter states:

In order to carry out its plans for development, our pluralistic society requires a concerted effort and an untiring search for understanding among the various components of society, without one becoming the vassal of another, and without losing sight of the greater interest of the national welfare.³⁰

FEDECAMARAS is currently comprised of 261 affiliated organizations representing: agriculture, banking, construction, energy, cattle trade, industry, mining, insurance, transportation, broadcasting and business.

3. Political Party Actor

Since CTV has proposed that codetermination be established by law, political parties and their parliamentary representatives will act decisively in the codetermination process. The parties are the key organization in Venezuelan politics. They have led the way in the creation of the current pluralistic democracy and serve importantly in recruiting for government posts, effecting transfers of power and forming public policy.³¹

Since it came about under their auspices, the union movement is dependent on the parties. This dependent relationship between syndicalism and the political parties was summarized by Ramon Selva:

The political parties of a Marxist orientation which gave rise to the union movement, were the force that first instilled in worker organizations and especially in their leaders the dependent nature of syndicalism on the political parties. The dictatorships later re-inforced this process of politicization of the unions. Union leaders thus played a double role in union activities while struggling for liberation from dictatorial regimes while being transformed into political-union leaders and later into parliamentarians and syndicalists.³²

For all their militancy, the political parties of Venezuela comprise diverse sectors of the population, including the working class. This has led the parties to elaborate union principles directly linked with their party ideological

lines. These principles are known as the "Union Theses"; formed to guide union activities in economics, politics, society and education, they sometimes become part of administrative policy.

This last fact is of particular interest to the present study, since no Venezuelan political party, with the exception of Accion Democratica, has elaborated on the Union Theses; the principles have not been systemized but are reflected in various documents, drawn up, in some cases, for plenary union meetings. These documents may come to be structured as a single union thesis.

We have restricted the study of the parties to a review of governmental programs and the union theses to determine whether they contain positions on worker participation in business administration, which may be disposed to CTV thought. We concretely review documents of the seven most representative parties of the country, on the basis of the party lines in the 1978 presidential campaign.

a. Democratic Action Party (Accion Democratica)

As stated earlier, the only party which has drafted a union thesis is the Democratic Action Party which drew up a union thesis in 1959 and more recently in 1980. It presents a position favorable to codetermination summarized here.

From the time of President Raul Leoni's administration, our struggles for working class participation in State politics have resulted in legislation for labor representation in businesses and entities in which the state hold more than 50 percent of the stock. . . . [This] has failed to yield positive results in the executive boards of state enterprises and economics organizations.

In order to reach the objective of worker codetermination the working class should prepare its union officers to carry out the codeterminant administration, because to base its unionism solely on economic gains, without adopting the role of actors in an economic process in Venezuelan society, it will be incapable of undertaking such a demanding and fundamental task as shaping the new Venezuelan society for which we are fighting. Worker codetermination is a project which may be realized within the framework of classical capitalism. A precedent has already been established in certain western countries, and in Venezuela, according to our idiosyncrocies, by conducting a pilot experiment, for example, in accordance with our habits and customs, by assimilating experiences without trying to produce carbon copies of others, we can achieve this, as we become prepared and trained by study, discipline and observation and by registering as a reality the desire for involvement and the economic enjoyment of the workers as well as contribute to social welfare through worker codetermination.³³

b. Social Christian Party (COPEI)

In the document entitled "Worker and Liberation Movement," COPEI acknowledged the workers' goal of a reformed means of production which includes self management.³⁴ The party's views were also expressed by 1978 Presidential

candidate Luis Herrera, in the following:

Worker organization will be stimulated by better representation of their interests, participation in decision making, and social transformation.³⁵

The wealth re-distribution policy should guarantee a just participation of all agents of production, especially that of labor. A fund will be created for the promotion of worker enterprises. The regional worker participation in the propriety and administration of the enterprises will be the decisive factor for the access to the incentives granted by the State.³⁶

c. Socialist Movement Party (MAS)

At their national convention in March 1979, union directors of MAS drew up a document containing proposals from Toward a New Majority, by the party's political director Pompeyo Marquez. This document expressed the following:

It cannot be overly stressed that, for the MAS, the salaried workers of the city, country, of science and culture, constitute the main interest of its activities. . . basing this conclusion on the vision of a socialist society in which the producers are creators of the social wealth, who should determine the final destiny of these riches, and therefore should be the axes of government and the administration of the country and be the key factors in social self-management, and self government of the people.³⁷

In discussion of new labor legislation, MAS has further maintained that worker participation implies the incorporation of codetermination.³⁸

d. Leftist Revolutionary Party Movement (MIR)

This party published an important document entitled "The Bases for MIR Union Policy" which was revised without any proposal for codetermination as such in the administration of the business. However, during the 1978 campaign, MIR made the following rather vague pronouncement regarding its program for the workers:

An economic organization oriented on new bases requires that the workers participate fully in the administration and management of the businesses.³⁹

e. Peoples Electoral Movement Party (MEP)

This party released an important document entitled "Union Doctrine of the people's electoral movement party" which was edited together with the party political program for the 1978 elections; they contained no reference to worker participation in business administration.

f. Republican Democratic Party (URD)

This party did not formulate a party line in the 1978 elections; in working papers and guides to which we were able to gain access, we found no proposal for worker participation in business administration.

g. Venezuelan Communist Party (PCV)

At the Sixth Communist Party Congress, entitled "The Program," stating party lines on various issues including union policies, was edited without any pronouncement on worker participation in business administration. Likewise its governmental programs for the 1978 elections had no such proposal.

In December, 1983, Venezuelans will choose a new government for the country for the next 5 years. The political parties have presented their platforms to the electorate; only two of the parties have a chance to win the election, the Social Democrats (AD) and the Democratic Christians (COPEI). Only the social democrats include the idea of a codetermination system in its platform, the so called "social pact" (pacto social). The general secretary of AD, Manuel Penalves, in an interview, said that ". . . codetermination is an agreement for production which will be more social; it is part of the social pact."⁴⁰

Another interesting opinion was from the temporary president of CTV, Ismario Gonzales, who is also a member of the Politic Bureau of AD. He said that "Codetermination is in the program of AD and it has the support of National Worker Movement."⁴¹

On the other hand Eduardo Fernandez, General Secretary

of Democratic Christian Party (COPEI), said that the "Codetermination topic had its origin in democrat christian thought and it has been realized in fine form during the democrat christian goverment in Germany. Here we are the pioneer of codetermination."⁴² But the democrat christian platform, the "Economic Challenge," (Elreto Economico) does not mention codetermination.

The election will be determined soon; the most recent polls show the following division:⁴³ AD 40%; COPEI 27%; Other parties 37%. The two principal candidates for the president are Rafael Caldera for COPEI and Jaime Lusinchi for AD. Rafael Caldera was former President of Venezuela from 1964 to 1969 and his party is currently in power. Jaime Lusinchi is the candidate for AD and in spite of Venezuela's present economic conditions (the Bolivaire has just fallen), Lusinchi has the best chance of winning the election.

Footnotes

¹Confederation of Venezuelan Workers: Porlamar Manifesto. (Porlamar, Venezuela: October, 1980) pp. 12-13.

²Ibid., p. 80.

³Schneider-Deters, Winfried. "Direction of Democratically Legitimate Enterprises in Societies with a Predominantly Capitalist Socio Economic Order." Worker Participation in Business Arrangements in Venezuela. (Maracaibo, Venezuela: University of Zulia. Dept. of Social Economic Science, Business Studies Center, 1980) Vol. I. p. 9.

⁴Confederation of Venezuela Workers. Worker Participation in Venezuela Economy. (Porlamar, Venezuela, 1980). p. 4.

⁵CTV Porlamar Manifesto. ob. cit. p. 3.

⁶Worker Participation in Venezuelan Economy, op. cit. p. 11.

⁷CTV Porlamar Manifesto, ob. cit. p. 81.

⁸Speech given by the President of CTV at the full session of the Municipal Council of the Federal District, on the 40th anniversary of the confederation (40 years of the CTV), published by the Municipal Council, 1977. p. 6.

⁹CTV Worker Participation in Venezuelan Economy, op. cit. p. 15.

¹⁰Ibid., p. 17.

¹¹Ibid., p. 7.

¹²Confederation of Venezuelan Workers. Diagnostic and Analysis of Actual Society. (Porlamar, October, 1980). p. 109.

¹³The CTV: History and Fight. ob. cit. p. 3.

¹⁴CTV Statutes. ob. cit., p. 11.

Footnotes (cont.)

¹⁵Chen, Chi-Yi: Economia Social del Trabajo. (Caso de Venezuela), (Caracas: 1969). p. 259.

¹⁶Confederation de Sindicatos Autonomos de Venezuela. CODESA Statutes. pp. 5-8.

¹⁷Lestiene, Bernard. El Sinicalismo Venezolano (The Venezuelan Unionism). (Urso de Formacion Socio-Politica 26) (Centro Gumilla, Caracas: 1981). p. 14.

¹⁸General Workers Confederation of Venezuela. CGT Statutes. p. 2.

¹⁹Ibid., pp. 3-4.

²⁰Instituto Nacional de Estudios Sociales (INES). CUTV Statutes. Taken from the magazine "Unionism in the World." No. 14. Department of Documentation and Diffusion. (Caracas: 1973) Art. 3. p. 2.

²¹Risquez, Elba. "La Federacion Venezolana de Camaras y Asociacionis de Comercio y Produccion." Serie de Publicaciones, Pelaciones Industriales en Venezuela. Publicacion especial de la Catedra de Organizacion Patronal. Separata II. Centra de Estudios Profenionales de Relauones Industriales, N.C.A.B. Farultad de Arencias Economicas y Sociales. Excuela de Cienuas Soaales, Caracas, 1978. p. 1.

²²Ibid., p. 5.

²³FEDECAMARAS. "Un Sentimiento Nacional" (A National Feeling) (1944-1981). p. 8.

²⁴Risquez, Elba. ob. cit. p. 11.

²⁵FEDECAMARAS. The Maracaibo Charter. (Maracaibo: August, 1980). p. 11.

²⁶Ibid., p. 12.

²⁷Ibid., p. 78-79.

²⁸Ibid., p. 79.

Footnotes (cont.)

²⁹Ibid., p. 80

³⁰Ibid., p. 90.

³¹Gil Yepez, Jose Antonio. "El Reto de las Elites," Editorial Tecnos, S.A. Madrid, 1968. p. 26.

³²Silva T. Ramon: Introduccion al Estudio del Sindicalismo Venezolano. (Instituto nacional de Estudios Sociales, Departamento de Documentacion y Difusion, Caracas: 1968). p. 2

³³Accion Democratica. Secretaria Sindical Nacional, Proyecto Tesis Sindical, (Caracas, Eneso, 1980). pp. 21-22.

³⁴Gonzalez, Dagaberto. El Movimiento de los Trabajadores y la Liberacion. Ediciones de la Fraccion Parlamentaria del Partido COPEI (Caracas: 1978). p. 23.

³⁵Partido COPEI. Programa de Gobierno para el periodo 1974-1983. Publicacion del Partido Socialcristiano COPEI. (Caracas: 1978). p. 23.

³⁶Ibid., p. 24.

³⁷Partido MAS. Las Nuevas Tareas en el Movimiento Sindical. Publicaciones del MAS.

³⁸Partido MAS. Programa de Gobierno del MAS y su condicato presidencial el Dr. Jose Vicente Rangel. Publicacion del MAS Caracas, 1978. p. 31.

³⁹Partido MIR. Programa para Transformar a Venezuela. Publicaciones del Partido MIR. Caracas. Junio. 1978.

⁴⁰The Venezuelan President governed with the party that it carried him to the power. The National Newspaper. Junio 26, 1983. p. D-4.

⁴¹The Tributary Reform and the Codetermination Will Have Priority in the Lusinchí Government. The National Newspaper. July, 4, 1983. p. C.4.

Footnotes (cont.)

⁴²Caldera will do a government with National Amplitude and he will renovene the Venezuelan democracy. The National Newspaper. July, 10, 1983. p. D-4.

⁴³"ULA Survey," The World (Caracas) September 28, 1983. p. 1.

VI. IMPLICATIONS OF THE CODETERMINATION SYSTEM

A. Workers/Managers

The new model of codetermination would radically change traditional industrial relations in Venezuela. The system's actors would have to modify their behavior and relationships according to the new juridical order which would guide their rights. The legislative process through which the future law must pass before being approved may contemplate each actor's status so that a legal code would be created establishing appropriate rights and obligations for various possible situations; this must be uppermost in the minds of the legislators in order to prevent future problems. A model such as the German Works Constitution Act could be taken as a reference point, with legal modifications applied for the Venezuelan work environment where it would be used.

Since little information is available on this point and worker participation is not in practice in Venezuela at this time, a full analysis would be extremely difficult to carry out. However, since the project has been presented by CTV and a great deal is known about the socio-political context operating at this time in Venezuela, it is possible to point out a few aspects.

The primary aspect is the training of the workers. If one fundamental condition for worker participation is

the creation of strong unions in industry, the other and equally important condition is the formation of human resources. It would be necessary, therefore, to implement a massive campaign using the news network, in order to explain the idea of worker participation; this would happen before the setting up of worker councils. It is necessary to educate or train workers, to give them the knowledge to work out problems that arise as the participation is filtered into the workplace.

Another point, already mentioned, is how to present the concept of worker participation, since the model presently is very generalized in reference to its limits, objectives and mechanisms. Using Germany as a reference, worker participation is limited to personnel problems; economic matters are handled only if they fall within the area of immediate impact on the workers. However, the CTV project includes workers in financial decision-making.

But if it is necessary to educate or train the worker, it is also necessary for companies to train their managers and personnel executives, to accustom them to the new co-determination model. Companies should plan courses which adapt their personnel executives to the new reality of industrial democracy. Courses designed and taught by specialists and instructors will help break the traditional barrier between executive and worker, and will achieve harmony between the two groups with a common objective in the company. Courses in quality of work life, sensitivity

training, organizational development and organizational behavior are appropriate here. Studies done in countries in which codetermination models already exist suggest good relations and good communications between labor and management are keys to success in this area.

B. Education

One of the most important aspects of the codetermination model is education. It plays an important part in the success of codetermination in any country; in Venezuela, the project as proposed does not include any educational guides for workers who will participate in the decision-making process.

In all the information collected for this study very little written work was found on how education would be integrated into the Venezuelan codetermination model. Apparently neither the unions nor the companies have given thought to the role that education would play for the workers' representatives in the councils or decision-making areas of companies.

Without adequate education, workers would find themselves at a great disadvantage in giving opinion or voting on difficult issues. Moreover, it is highly debatable in that case whether they could make their wishes understood. This would be especially serious in a confrontation with management, trained in universities or specialized institutes; it would in effect, undermine codetermination.

Differences in habitual forms of address or lack of procedural knowledge could diminish the efficiency of the interaction between workers' representatives and management directors.¹ Polish workers' representatives have complained that documents presented at work councils contain too many statistics and not enough analysis, and are written in a complicated language which some members of the work council can not easily understand.² The importance of worker education as a prerequisite for successful participation in the decision-making process has been recognized and stressed by all interested parties.³

The problem of education and worker participation is not new. Many authors have stated and underlined its importance for industrial democracy. Viklund wrote in Current Sweden, that "the willingness and ability of union members to assume responsibility and exercise their democratic rights are directly related to the state of their knowledge."⁴

The former president of the Trade Union Federation (DGB), Ludwig Rosenberg, has pointed out that, "in order to take on responsibility and achieve real codetermination, one must have or acquire the necessary knowledge."⁵ Rosenberg maintains that effective codetermination requires "special economic and business knowledge," and that unions "cannot ever do enough to counteract, through their own educational work, and the extension of school education, including economics, the privilege which such knowledge

gives to certain circles. . . For knowledge is power--and power without knowledge is blind and dangerous."⁶

The International Conference on Trends in Industrial and Labor Relations, held in Montreal in May 1976, concluded that

it has become commonplace to stress the crucial necessity of education for employees as well as for management in the area of participation; you cannot participate if you cannot get meaningfully--with knowledge--involved in the decision-making process.⁷

The West German model is instructive here. Extensive educational and information programs concerning codetermination which have been in existence for some time now have clearly contributed to the success of the system, enabling workers' representatives to participate effectively on workers' councils and supervisory boards, where they have apparently managed to match the interests of the enterprise as a profit-making institution with those of the workers and society as a whole.⁸

Foreign visitors to companies in the Federal Republic, particularly those coming from developing countries, are often struck by the fact that work council members have a profound knowledge and understanding of the economic situation and possibilities of their enterprise.⁹

Rudolf Maenker:¹⁰

In order to give workers this formation, the German unions, as much the DGB--the organization--as the diverse unions associated with it, have created a broad network of formative institutes which offer

everything from evening courses for groups, to weekend seminars, up to short courses in the unions' schools and diplomas from specialized academies.¹¹

Consider Table 1.

At the same time, the state gives workers incentive to pursue these courses, and has laws which make this kind of education mandatory. In some parts of Germany, special leaves of absence have been legally institutionalized. The leave of absence permits the worker to be excused from his job while he participates in a course of professional information, whether offered by a union or a political party, and his employer continues to pay his salary.¹² While West German unions have assumed the major responsibility for training workers' representatives, employers have also introduced educational programs, somewhat in competition.¹³

Charles D. King points out that the union programs include some advanced and special education which can be extremely beneficial to labor representatives, especially training designed for representatives to the boards of co-determined companies.¹⁴

Training needs of workers' representatives for participation vary depending on the educational standards of workers, the level and scope of participation and the type of industry where the participation is exercised.¹⁵ Germany, for example, according to the World Development Research (1982), the adult literacy rate is 99%.¹⁶ One conclusion is that, although the West German training pro-

Table 1. SOME DATA GIVEN BY THE DGB CORRESPONDING TO ONE YEAR'S WORK

Type of Course	Number of Formation Actions	Number of Participants
Evening Classes/Sem- inars	966	5,588
Weekend Programs	3,238	96,284
Complete courses in schools for all RFG	116	5,473
Short courses (12 days)	548	14,661
Formation in Institutes (1 year)	3	206
4,871		122,212
Formative Acts (Work and Life)		180,000
		302,212

Source: Maerker, Rudolf. Co-Determination: A Model of Liberty,
Chapter 4. Bonn, Federal Republic of Germany: Foundation
Friedrich-Elbert, 1971, p. 76.

grams are less extensive than other countries, they can reach higher goals because of the West German worker's higher levels of primary and secondary education.¹⁷

Another important aspect in the issue of education is what kind of training the workers need for good participation. Olaf Lind¹⁸ says,

the total need for training comprises activities in the following fields: knowledge of the act and adjacent labor law, attitudes and valuations regarding participation, co-operation ability, and all kinds of business operations and managerial activities.¹⁹

As was mentioned before, CTV's project in Venezuela makes no mention of the steps necessary for the training and education of workers in general nor of union directors on the theme of codetermination. Under these circumstances, which can be considered a key to the success or failure of the future model in Venezuela, some suggestions are made here which could be incorporated into a legal code.

General Aspects

Given Venezuela's political and social history, it seems more reasonable to introduce codetermination through legislation rather than through the efforts of collective bargaining. Following the approval of the new law (signed by President of the Republic), two years should elapse. During this period, the actors in the system--union members

and company executives--would train and prepare their representatives. At the same time, the state would initiate a campaign on a national level to explain the characteristics of the system. Courses, seminars, and conferences would also be held to disseminate the information to the largest possible audience.

The scope of the law concerning education needs serious and long-term planning for its training programs. The subjects for which education and training may be required for effective participation of workers' representatives in various consultative bodies such as works' councils and their subcommittees (safety, economics, training, etc.) may cover a wide range, but are mainly related to the actual functions of these bodies.²⁰

Courses which deal with worker participation could be incorporated into university level classes in such areas as business, economics, psychology, industrial engineering, economics, psychology, industrial engineering, and, of course, industrial relations.

For workers and union officials who do not have the opportunity to attend university classes, the "Institute for Union Training" will be founded which would have the status of a college in the U.S. and whose programs would last two years. This institute would be for the formation and training of workers' representatives, and would be under the supervision of the Minister of Education, as are all educational systems in Venezuela.

The legal base of this institute is already a part of the National Constitution, in Article 78, which states:

Every person has the right to an education.
The State will create and sustain schools,
institutions and services sufficiently equipped to assure access to education and culture.

The Sixth National Plan for 1981-1985 which is the planning instrument for the Venezuelan state, decrees:
"Education in rural areas, frontier zones, and marginal areas of urban zones, and directed at adults, will receive preferential treatment."²²

The ISCS (Superior Institute for Union Training) will have as a basic objective the formation of worker leaders in general, to train and prepare them for worker councils or boards of directors. The institute will have professors recognized in their fields, and will invite national and international experts to explain current labor philosophy and its application in the world.

Following the ideas of Professor Jecchinis, the program will have a core of advanced courses designed to equip workers with the necessary managerial skills required for effective decision-making in management.²³

A tentative outline of courses is as follows:

First Year

First Semester

Labor Law

Rights and Duties of Workers under the

Co-Determination Law

Knowledge of Basic Economics (I)

Knowledge of Basic Accounting (I)

General Business Operations including

Techniques in Sales

Safety and Health Regulations and Methods of

Preventing Accidents and Ill Health

Second Semester

The Functions of Government Departments and

Official Institutions

Evaluation of Personnel Policies including

Manpower planning and Training

Communications and Persuasion Techniques

Economics (II)

Accounting (II)

Appreciation of the Role of the Improved Working

Environment on Worker Satisfaction, Industrial

Peace and Increased Productivity

Second Year

First Semester

Productivity Techniques

Organizational Psychology

Evaluation of Personnel or Industrial

Relations Department Functions and Policies

Organizational Behavior

Comparative Industrial Relations Systems

(Seminar)

Evaluation of Balance Sheets, Financial State-
ments and Investment Plans and Reports;
Statistics

Second Semester

Organizational Development

Appreciation of Production Plans and Reports

Assessment of Technological Change and Automation

Quality Work Life

Collective Bargaining (Seminar)

Basic Understanding of Systems' Analysis

To achieve greater interest and participation from the unions, directors of the institute will have a representative of CTV on their board. This representative, along with one from the Ministry of Education and from the universities, will make up the institute's directorate. CTV, along with the government, will contribute financially to the support, maintenance and function of the institute.

Students will be worker representatives or union officials. This is not mandatory, however, as any Venezuelan citizen over the age of 18 who has a high school diploma will be eligible for admission (Venezuela has an adult literacy rate of 82%).²⁴ The program will be free, as are the other educational institutions in Venezuela (elementary schools, high schools, and universities). The students may also receive scholarship support which will come from the

unions (50%) and companies (50%).

With the expansion of an educational program, the number of workers who want to receive training for a relatively long period of time (two years) will increase. At the same time, the program will follow one of its final objectives, which is the elimination of the traditional educational differences between company managers and worker representatives, as well as the traditional hostility between these two groups; it is this lack of knowledge which has caused hostility in the past. In other words, education can form a bridge between these two sectors, who have not wanted or have been unable to communicate in the past, so that they can arrive at agreements for the common good of both workers and companies in Venezuela.

C. The Role of the Personnel Manager

The surge of hundreds of diverse industries in a country where no economic or human resource planning had existed before, made the need for planning and administration of these resources even more important. At the same time, and as a direct consequence of the need to put these matters into the hands of experts, departments of industrial relations, or personnel or human resources began to appear.

In Venezuela, the arrival of foreign books dealing with this new concept disturbed the business world. In many quarters it was understood that personnel management did not consist solely of elaborating payroll lists

and making payments to social security; it was an increasingly complex activity. The Chief of Personnel could no longer pretend to be simply a friend to all; he needed to have a great deal of knowledge to perform his job well. The work was so complex that it could not be absorbed by the general manager or an administrator, as had been done previously. In some companies, especially those who had always been in the vanguard of business or those with connections to multinational corporations, a new status position was created: Manager of Industrial Relations. An underlying cause for this movement was the fact that the economic health of the companies depended (and depends) upon policies of personnel management and an understanding of those policies.

1. Origins of Industrial Relations in Venezuela

As mentioned previously, industrial relations in Venezuela are closely connected to the economic model established in the country in 1958; particularly in the petroleum sector. Before that, however, North American and British oil companies had already established personnel offices and were, actually, the pioneers in Venezuela in the use of personnel techniques known and used at that time. The oil companies put into practice personnel offices with their own subsystems and applications of the most advanced knowledge and skills of the time, in three areas: 1) personnel administration; 2) labor relations; 3) human

relations.

These personnel offices had (and still maintain) to some degree these characteristics, since they were originally given the same hierarchy and importance.

It is important to note that the office of Human Relations also included what is known today as Public Relations. The important office of Labor Relations, then as now, dealt with all employer-employee relations and relations between union and management, as well as studies and discussions of contracts, collective bargaining, and union-administration relations. Labor relations offices had an outstanding growth and influence, perhaps giving more attention to collective bargaining because of the strong position of the unions in Venezuela. The origin of unionism itself in the country is tied to the origin of the petroleum industry--oil unions continue to be the strongest in Venezuela.

At this time, the first collective contract in the petroleum industry was signed, in May of 1945, containing nine clauses and stipulated that the contract run only five months.²⁵

As a consequence of collective bargaining, businesses in other sectors were creating their first personnel offices. The people in charge of them had little of this new area and often did not have a university education, but got along with workers, could organize the companies; social functions as well as perform the basic functions of making

up the payroll lists, carrying out the companies' responsibilities with Social Security, and elaborating the annual reports that are mandatory under the law. These functions were far removed from all creativity and the basic functions usually found in personnel sections. It is important to point out that the so-called "head" of Personnel's authority was quite limited, since the general manager reserved for himself decision-making power in many areas: new personnel, promotions, wage increases, firing, and the administration of "justice" that, according to the characteristics of the company, ranged from the paternalistic to the autocratic in style.

This situation was completely different in other countries. Outside of Venezuela, the importance and relevance of industrial relations to the administrative process was known, recognized, and given the position it deserved within the enterprise.

The evolution of industrial relations in Venezuela was strongly influenced by the foreign companies that still operate there, particularly North American ones, such as Ford, General Motors, Westinghouse, International Harvester, Sears Roebuck, IBM, Xerox, DuPont, Goodyear, Procter and Gamble, and Exxon. These companies practiced their administrative policies, including those concerning personnel and human resources. It is necessary to recognize that these companies urged industrial relations on Venezuela through their systems and procedural manuals. But

it is equally important to point out that many of these ideas were brought from the companies' headquarters, i.e., the United States, without considering whether these systems were valid or practical in another country which had its own characteristics and idiosyncracies. Also, no studies were made prior to a possible application. For example, the psychological testing often used was designed for the American work environment; its results and interpretations were not valid for the Venezuelan environment. This confirms the position taken by author Wendel L. French, in his commentaries on the validity of the testing.²⁶

However, in spite of criticisms, these companies (especially the petroleum companies) contributed greatly to industrial relations.

During this period of growth in industrial relations in Venezuela, another change was occurring--a new use of lawyers as chiefs of management. This marked the beginning of a new period. The problem was that the lawyers quite naturally concerned themselves primarily with, legal aspects such as collective bargaining contracts, and defense of company policy in labor board hearings called to consider the firing of one or more workers. As a result, industrial relation's departments became more and more "legalistic," neglecting personnel functions.

2. Growth and Importance

As was noted before, the economic growth of the country and the influence of foreign companies added importance to industrial relations boom. With the growth of strong unions over the last twenty years, personnel areas were amplified. In spite of this development, the power and authority of the Personnel Manager remained as limited as it had been in the past.

During this period, new problems appeared in the Venezuelan economic environment, felt through foreign and domestic companies, particularly in their personnel offices. Absenteeism, turnover, the hiring of qualified workers, training, new social laws, and the ever-increasing power and influence of the labor unions had a dramatic impact.

In the late seventies, the unions, federations and confederations developed a political character and often functioned as extensions of political parties. In return for union support, the parties were expected to advance the unions' positions which would in turn facilitate the bargaining process.

In the face of this "new" situation, the companies realized the need to reorganize their personnel departments. The old ones could no longer deal with the fast-paced changes taking place. Ironically, they turned to the personnel manager, hoping he could effect quick and

economical change. He was seen as a kind of "savior," or "hero of the day" but this "hero" possessed neither the knowledge nor the resources to confront the new panorama. Despite the bleak situation, something positive remained; businessmen looked on the personnel managers with new interest.

At the same time, the official sector, consisting of state-owned and operated institutes and organizations, began to copy the structures of private industry, by creating their own personnel offices in ministries and state companies. However, the government offices had one peculiarity lacking in the private sector. The position of Personnel manager was highly politicized, making this person a key man for the party of the government in power, rather than a professional with skills in this area. What is important, however, is that at least a personnel office had come into existence on a government level.

All this is brought to bear on the work of human resources management, which becomes more complex and diversified each day. This is reflected in the education and the formation of managerial careers. Studies in business administration were begun in 1955 with a course entitled "Personnel Administration," offered by the University of Carabobo in its School of Sociology. Later, Andres Bello, a Catholic University, featured a similar course of study. Only these two universities grant degrees in Industrial

Relations in Venezuela. In the last five years, the trade schools have offered classes for an associate degree as a Technician in Personnel Administration. This surge in the specialty of industrial relations is a consequence of the demand that has occurred in the market place.

3. The Relationship Between Industrial Relations Management and the Unions

The situation for the Industrial Relations Manager is doubly complicated. It is not only the union with which he must negotiate, but also the political party behind the union, which is usually the party that controls the national government. This means that the Industrial Relations chief needs to have special skills as a negotiator and diplomat. Consider the following case.

The political power of the union confronts a business in a simple labor relations problem by calling for a work stoppage. As a condition or point of honor, they ask that the Industrial Relations manager or even the General Manager of the company be removed. In this way they force the company to negotiate under pressure because the union's claims officer and the representative of the Conciliations's Office of the Ministry of Labor are also members of the same political party.

The influence of the political parties over unions is a factor of considerable weight in the management of

industrial relations in Venezuela. It distorts the objectives of business and their personnel policies for workers. This theme is underscored by Arthur M. Whitehill:

Like all social institutions, this process influences and, in turn, is conditioned by the economic, social, political, and legal aspects of the environment within which it operates.²⁷

Venezuelan Unionism presents a challenge for the future for industrial relations. More than that, it is a new concept and a new model for industrial relations whose objective is to end the historical hostility between white collar and blue collar workers.

Although the labor-management relationship in Venezuela is characterized as non-conflictive, in the last few years, there has been a wave of strikes and work stoppages that have seriously affected production, as is reflected in the report of the Ministry of Labor (see Table 1).

4. Laws and Implications

It is within the system of industrial relations that the role of personnel manager is strongly influenced by legal limits and social pressures. This materializes in work laws that the personnel manager must know, study, interpret, and apply correctly as one of the most important functions of his department and of the company. In Venezuela, the relationship between the law and the personnel

manager can be said to be borne out of the work laws themselves. Article 25 of the Work Law Regulation states:

Those in charge of industrial relations, personnel, or those who exercise analogous functions, must be Venezuelan [citizens].

Additionally, following the 1961 Constitution, numerous laws and decrees have been issued which further regulate work, workers, and labor conditions (see Table 2). The Venezuelan labor sector has thus evolved into a complex and sophisticated system. The Ministry of Labor, in a document dealing with collective contracts, describes the development:

In the course of 40 years of collective labor agreements, the legal treatment at the highest legislative level has gone forward on an uneven course: abstract and ambiguous at the start; more definite in later periods; silent in less remote times; and openly and clearly defined as of the present.²⁸

The industrial relations manager must deal with these legal limits. It is included in his work system through state control. The authority of the company in worker relations was previously unquestioned; today it is limited. This coincides with what Peter Drucker has said in reference to entrepreneurial society and pluralism:

Since the beginning of the century, the importance of business has decreased constantly, not because the firm becomes smaller or weaker, but because the remaining institutes have grown much more rapidly. Society has thus become a pluralist entity.²⁹

5. The Future of the Unions and Industrial Relations in Venezuela

Venezuelan unions present a new style in the relationship between management and unions, now and in the future, and in which industrial relations will be affected and destined to complete an important mission. This new relationship is worker codetermination in the economic direction and administration of companies, a system already in use in some countries. In Germany, as we have seen, it seems to have had positive results.

In Venezuela, there is no direct participation of workers in the administration. Although the workers' profit-sharing systems affects all sectors of the economy, the law explicitly states that this does not imply labor participation in the management of private corporations.

This does not hold in the case of state companies, a category which increased considerably in the 1970s. 1966 legislation provides that organized labor must be represented on the board of directors of all autonomous state institutions, economic development agencies, and enterprises in which the state holds all, a predominant percentage, or a majority of shares. The director in question is selected from a list of five submitted by the most qualified or most important confederation, federation, or union in the industry concerned. In practice, it is the leadership of Venezuela's most powerful federations or CTV

who sit on the state enterprise boards.

At its annual meeting in 1980, CTV issued its own manifesto. Codetermination has become a hallmark not only of the social and political struggle; it signals a new power structure that sustains Venezuela's unions. The unions hope to practice codetermination at all levels of the Venezuelan economy, official and private. As a first step, they hop to change the relationship between public enterprise and the unions. The directors of the largest workers' headquarters in the country believe codetermination must be instituted in the domestic economic scheme. That is, state workers would not simply be salaried personnel, as are those in private enterprise, but also public servants. Because the state dominates seventy percent of the economy, it would then be easier for CTV's leaders to implement worker codetermination in Venezuela.

CTV's president, Jose Vargas, believes that since the state dominates seventy percent of the national economy, certain conditions already exist to apply codetermination using an adequate model. With the state as principal possessor of increased values, the relationship of give-and-take would transfer from union-business to union-government.

This theory raises pertinent questions. After the introduction of codetermination, would the new labor-management relationship be different from the traditional one? Would the role of the personnel manager grow stronger,

or would it weaken under the new regime?

6. Important Gains for Industrial Relations
in Venezuela

Many authors have written about the validity and current position of the industrial relations manager in our times. They describe his work as necessary in better effecting the wide variety of laws and regulations relative to labor-management relations, health and welfare, legal, and societal influences. This is particularly valid in the Venezuelan environment, where the industrial relations manager must visualize and confront any problem. This means that personnel departments will have to develop more thorough means of discovering what future problems will be, rather than waiting for their arrival when it may be too late.³⁰

One should not be too optimistic about contributions to research which could increase the importance of the industrial relations manager. Referring to this, Thomas H. Patten, Jr., states:

Personnel research may be defined as equivalent to Industrial Relations research: it is concerned with the analysis of problems, policies, programs, and procedures that center around and grow out of the employer-employee relationship.³¹

Patten cites the contributions of large companies in carrying out personnel research in the U.S. This, lamentably, does not occur in Venezuela; organizations are more

anxious to make profits than to invest in human resource research.

The importance of an organization's personnel professional depends greatly on the level in which this work is carried out, the company's philosophy, and if the personnel professional is a generalist or a specialist. The many roles that the personnel professional can assume include different and diverse functions in the organization; he will be able to move from member of the board of directors or general manager, to consultant or representative of the company in the public or private sectors.

Venezuela, like other Western countries, sees itself affected by a new industrial relations model whose objectives are to end hostility between white and blue collar workers. The evolution of human values during the last decades and the constant questioning of traditional sociopolitical doctrines, as well as the arrival in the labor market of a great mass of better trained and more demanding workers, have produced the need for improvement in working conditions and for worker participation in decision-making.

In Venezuela this is planned on a short-term basis, using the so-called "Theory of Worker Codetermination." The first concrete steps have been taken by the union sector. This presents a challenge for the industrial relations professional: Is he prepared to confront the new labor-management relationship? What will be the role of the industrial relations manager in this scheme?

Table 1

**LABOR CONFLICTS BY BRANCHES OF ECONOMIC ACTIVITY
FOR THE YEAR 1980**

Branch of Economic Activity	No. of Labor Interruptions	Affected Workers	Man-Hours Lost
Agriculture, Forestry & Fisheries	2	298	28,448.00
Minining Exploration & Quarries	3	119	5.83
Manu- facturing Industries	47	23,513	2,015,693.53
Construction	22	12,786	55,537.20
Commerce	19	1,472	25,915.00
Transpor- tation, Ware- housing, Communications	35	16,091	215,423.06
Services	17	4,628	58,207.50
Gas, Electri- city & Water	1	45	375.00
Non-Specific Activities	49	9,012	122,875.10
TOTAL	195	67,964	2,523,058.19

Source: Memorandum and Report. Ministry of Labor, 1980.

TABLE II

MAJOR LEGISLATION AFFECTING LABOR IN VENEZUELA

Labor Law (Ley del Trabajo), 1936, 12 amended in 1945, 1947, 1966, 1975, in effect in 1978.

Decree No. 1563, Regulation of the Labor Law (Reglamento de la Ley del Trabajo), dated December 31, 1973, effective February 1, 1974, replacing Regulation of 1938 and Regulation of Labor in Agriculture and Animal Husbandry of 1945.

Law of June 21, 1954, creating the Institute for Training and Recreation of Workers (Instituto para Capacitacion y Recreacion de los Trabajadores).

Decress Law No. 440 of November 21, 1958, on collective agreements by industry (Decreto-Ley sobre los Contratos Colectivos por Ramas de Industrias).

Educational Cooperation Law (Ley sobre el Instituto Nacional de Cooperacion Educativa) of August 22, 1959, and its Regulation, providing for on-the-job training.

Law of November 18, 1959 (Ley Organica de Tribunales y Procedimientos), establishing labor courts and procedures.

Law of July 14, 1961, providing that wages and benefits due a worker are entitled to a privileged lien on the personal property of the employer.

Social Security Law of July 11, 1966 (Ley del Seguro Social).

Regulation of December 18, 1968, on industrial safety and hygiene (Reglamento de las Condiciones Higienicas de Seguridad en el Trabajo).

Decree No. 585 of April 28, 1971, to issue regulations respecting Civil Service Unions (Law of Administrative Career).

Decrees No. 122 and 123 of May 31, 1974, establishing a national minimum wage of Bs 15 daily, and providing for general increases in wages for all workers earning up to Bs 5,000 per month.

Law Against Unjustified Dismissals of August 8, 1974 (Ley Contra los Despedidos Injustificados), and its Regulation.

Decree No. 877 of April 22, 1975, and its Regulation, providing for systematic apprenticeship of minors within enterprises.

7. The Personnel manager in a Codetermination System.

German Experience

As we have noted, in a codetermination system the Labor Director or Personnel Manager is critically important. Only a few authors deal with the development and background of those men in charge of industrial relations in German companies with a codetermination system.

First, consider that codetermination law arose in Germany from the size of its unions. Labor Directors were established in the West German mining and steel producing industries by the Codetermination Act of May 21, 1951.³² A labor director, responsible for personnel and social affairs, must sit on the executive board. The codetermination act made him the workers' nominee; he could be appointed or dismissed only with the consent of the majority of worker members on the executive board. This caused heated discussions for many years. The 1976 Act extended codetermination at the company level to all companies with more than 2,000 employees; it also provides for a labor director but puts him on the same footing as the other members of the management board, i.e., he is appointed by the majority of the executive board.³³ In practice, he is almost always chosen from a trade union slate, by worker members of the board, who usually

renounce entirely their right to influence the choice of the other directors.³⁴

The executive board appoints or dismisses the labor manager (like that of the other members of the executive board). Under the co-management act, this decision may not be taken against the will of the majority of the workers' representatives.

Another important point is that under the law the term of office of executive board members is five years, renewable at will.³⁵ According to Adams & Rummel, the labor director's position is one of the most difficult in the German network of participation. The labor director is charged by law with carrying out his managerial function in the best interests of the firm as a whole.³⁶ Since he is chosen by workers he is theoretically subject to extensive loyalty conflicts, but most labor relations directors have resolved this by functioning as responsible managers rather than as worker agents per se.³⁷

Another author, W. Albeda, remarks that choosing these personnel directors has posed a special problem: initiative is with employee representatives on the company council, though so far no candidates have been nominated against management wishes. As for the role and the actions of personnel director's role, apparently difficulties which arose shortly after this position had been established by law have been overcome; the personnel director is now fully integrated into management; King and Jecchinis agree that

loyalty conflicts have been largely solved.³⁸ But there is some dissent on both sides: according to the Biedenkopf Report some stockholder representatives maintain that management is not homogeneous because of the special way in which the personnel director is appointed. Employer organizations also feel that in the case of parity representation on supervisory boards, the institution of a labor director, who in their view is a worker representative, violates the fundamental principle that economic relations must be conducted by two independent parties. The critical point to consider is that employers see the labor director as a trade union man while the unions consider him an employer, with the same rights and responsibilities as other employers.³⁹

Because these labor director managers have largely adopted a role similar to other top managers, some critics have suggested that from a worker's perspective, the position has been a failure.⁴⁰ Others point out that people should not be expected to represent and negotiate purely for worker interests at the top management level. Rather the aim was to ensure that right-thinking people with humanistic values would be placed at the top level of day-to-day managerial decision-making. If this modest objective is accepted, then the office of labor director has not been a failure.⁴¹

It could be argued, by someone who would not like to admit that codetermination can work in other countries, that codetermination has helped Germany to achieve results which

other trade union movements have already taken by other means. H.A. Clegg divides the argument into two parts. The first concerns personnel management. Before the war personnel management in Germany was both primitive and authoritarian. Since the war it has made important strides to catch up with America, Britain and Scandinavia. Because of the emphasis given to personnel management by appointment of a labor director and because of resources which have been put at the disposal of labor directors, coal, and more especially steel industries have been in the vanguard of this movement.⁴³ Clegg points out that few labor directors have used their powers to support the interests of labor to the obvious detriment of the firm.⁴⁴

One of codetermination's critics, Alfred L. Thimm, cannot effectively support his view of the role of labor director, because his criticisms are limited to the particular case of the close relationship between a union member or a political party member and the labor director, but this relationship of influence is possible in any kind of system, and is not peculiar to codetermination systems.⁴⁵

We consider the Biendenkopf Reports' definitive conclusion that "the much discussed conflicts of loyalty. . . in so far as they ever existed, have disappeared in more recent years."⁴⁶ Labor Directors, when interviewed by the commission, asserted that a conflict of this kind no longer exists because "They [the directors] would resist all pressure from the outside." Their good contact with trade

unions were said not to make their work more difficult, but on the contrary, to contribute greatly to the good will they claimed to enjoy among workers at the shop level.

8. The Future Role of Personnel Manager in Venezuela Under Codetermination

The position of Personnel Director or Industrial Relations manager in a codetermined business is a challenge, an extremely difficult position in which to succeed. Even though data is scarce on this point, it is possible to assert that the position of the labor director in a codetermination enterprise will be more difficult than in a traditional enterprise. It will also be more powerful and carry more status.

In the particular context of Venezuela, there is no history of labor directors appointed with union acceptance. The proposed codetermination bill in Venezuela has one article stating that the appointment of a labor director must have the approval of worker representatives on the board of directors.

Consider the characteristics a labor director need to have to perform well. He needs protection from the pressures of powerful groups like the unions, stockholders and board of directors. This pressure needs to be considered as the bill is being prepared. In a few words, the law must define the requirements for the position of labor director.

Some of the Requirements That The Law Must Have

1. The Labor Director must be a Venezuelan citizen.
2. He or she needs to have a degree in Industrial Relations from a well known University.
3. He or she needs to have a minimum of 5 years of experience in a position of Industrial Relations Manager.
4. The duration of his/her duty will be 5 years.
5. The appointment will be made by vote of the majority of the Board of Directors.
6. Dismissal for cause will be by vote of the majority of the board of directors.
7. The areas of responsibility of labor manager will be:
 - a. labor science
 - b. health and safety
 - c. personnel administration
 - d. training and promotion
 - e. manpower
 - f. welfare
 - g. wage and compensation and incentives
 - h. collective bargaining
 - i. other services.

If one accepts the above approach to company-staff relations, it is clear that personnel management will represent a major aspect of company policy, fully as important as sales, production and finance.

Thus, it covers a far wider field than what is usually known in the industry as "personnel work." But other important duties are common to the monotonous job, such as

consultation with staff representatives on all personnel problems. Such consultation or better yet thorough discussion at an early stage of all present and impending personnel problems, has proved particularly fruitful. Some authors say that a conflict of loyalties begins here, but that now the personnel director is "fully integrated" in the management and that special conflict of loyalties has been almost entirely solved.⁴⁷

Thus, in the long run, the interests of both sides merge, even though on a day-to-day basis there may be disagreements as to what the workers want and what the organization can do. The labor manager is, of course, a management official and as such must rise above day-to-day contingencies. This may occasionally lead him to oppose unreasonable claims outright, in the name of a higher interest.⁴⁸

The position of Personnel Director under a codetermination system gives a new dimension to the industrial relations field. It offers a challenge, for people to believe in a new and more equitable relationship between the workers and employers.

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CONCLUSION

The various conclusions reached in this work are not definitive, but contribute to a beginning of the research into this special field.

The actual and short-run possibility of implementation and adaptation of a codetermination model in Venezuela, through legislation, represents a tangible proof of the influence of worker organization on unions in achieving their goals.

This work shows that, in the political-social context of Venezuela, the unions have a tremendous influence in the normative social context, which is affected by group interests by the strong pressure that unions are imposing on the passage of a codetermination bill in Venezuela.

The importance of the influence of Venezuelan political parties over unions and vice-versa has also been demonstrated; each exerts influence and pressure according to its respective interests. Also, in this context, it is important to point out the influence of international ideologies, the social democrats, christian democrats and socialists, over Venezuelan political parties, which are affiliated with different ideological trends in the world.

As an example of the latter point, demonstrated in this study is the German case, which showed strong influence of unions in the social-political environment of that country, leading to the approval of the first codetermination model

in the world. Consequently this points out the characteristic of unions as a political instrument in the class struggle.

After an analysis of the different actors in the Venezuelan model--the unions, political parties, economic sectors and the state (in its role of government)--we demonstrated the vital dependence of the national income on the oil resources, with the state as the largest employer, so that the principal characteristic of the nation's economy is state capitalism. This has made the Venezuelan economy one of dependence and, as we saw, underdevelopment.

This study has identified the actors in the future codetermination model for Venezuela. They are the economic groups, political parties and unions. A description of their principal characteristics is included as well as their position in the codetermination project for the country.

Aside from discussing relevant and historical points, the present study has described specific steps that have been taken toward the implementation of the codetermination project in Venezuela. There is a brief forecast produced of the system implications over the industrial relations system, and more specifically, of the important role that education will play, and the new status for personnel managers.

We can group our final conclusion into two categories; specific and general.

Specific

a) With respect to the foundation of the rights of co-determination we find that the worker actor, with his union association as well as those of political parties, tends to support the CTV proposal, because the workers need to have a more active role in the decision-making process. Workers feel that the human capital is the most important factor in the productive process.

On the other hand the private sector opposes the CTV proposal because for them it means the deterioration of the right to private property; they believe it is exclusively part of the owners' capital.

b) With respect to the levels of application of the co-determination system, the union actors and the political parties actor concur on some points of the CTV proposal: codetermination needs to be applied in the work place and at the managerial level. On the other hand the owners disagree with this position.

c) As to codetermination as a way to democratize the economy, the actor Fedecamaras is completely negative: they consider that democracy is strictly a political term and that it does not have a role in the economic environment. "Economic Democracy" should only mean a worker share ownership program.

- d) One positive step pointed out here is the creation of unions for different branches of industry. With reference to this point the political party actor has neither agreed nor disagreed; Fedecamaras disagrees with the move.
- e) On the same note the unions and political parties agree that the codetermination system does not imply deterioration of the reformist function of unions collective bargaining.
- f) Likewise it is evident that the future of a codetermination system for Venezuela will be determined by legislative action, through the collective bargaining process.
- g) With reference to training of union officials, the three actors concur that increased training is necessary for more productive participation in the codetermination process.

General

We have analyzed those factors which have had vital influence in the initiation and expansion of the codetermination project in Venezuela.

- a) There exists a homogeneity in the unions and political parties with respect to the form and rights of the codetermination system. According to them, the importance of the human factor and its influence in the productive process through worker participation in the decision-

making process is fundamental.

b) International social democratic ideas and the German model of codetermination have produced a tremendous influence over the international workers movement, particularly as it involves codetermination; it has especially affected Venezuela unionization. This influence shows the powerful political and social impact we attribute to ideological positions as an instrument of class struggle and specifically as an instrument of the workers' movement. The latter has had a reformist influence in the development of politic parties.

c) The level of education of worker representatives, participating in decision-making will fundamentally determine the project's success. The level of education in the worker sector must increase; this is possible through a special educative plan. This plan will be especially designed for an increasing participation level of the worker representatives on the board of directors.

d) Likewise, the role of personnel manager or director of industrial relations under a codetermination system acquires a new dimension as it changes from the traditional industrial relations model.

The new industrial relations manager, under codetermination, needs to establish a role as communicator and coordinator of workers' feelings and of the enterprise's

necessities. For this new role, his preparation must have a new focus, different from traditional concepts of industrial relations and with an essentially humanistic approach.

In conclusion, the new codetermination model will influence the sub-system of industrial relations with a new democratic focus. But a project of this magnitude and transcendence subjects itself to open and profound public criticism and must call to its support all national sectors through a spirit of open-minded negotiations and consensus.

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