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THE AUSTRIAN FEDERATION  
OF TRADE UNIONS

by

INGEBORG L. R. WOLLMERSTORFER

Presented in partial fulfillment  
of the requirements for the degree of  
Master of Arts

MONTANA STATE UNIVERSITY

1952

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## FOREWORD

"Industry produces men as well as goods, and trade-unions affect the type of men industry produces. Experience shows that where neither trade-unions nor some threat of trade-unions is present, workmen are likely to be abused . . . to be kept docile and submissive. Trade-unions have helped reduce the scope of personal management, to make management a matter of rules instead of men, to cause rights as well as duties to be attached to jobs and due process of law to be introduced into shops where formerly the boss has been almost as unrestrained as an oriental despot. Trade-unions make men more self-assertive, more contentious, sometimes more difficult to manage, often more annoying to the boss, but more independent and self-respecting."

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S. H. Slichter, Notes on Collective Bargaining,  
in Exploration in Economics (McGraw-Hill, Inc., 1936)  
p. 290.

## INTRODUCTION

This is a study of the Austrian Labor movement. The history of this movement is the history of the working man: in other words, his elevation from serfdom to his present status and standard of living. In the early beginnings of capitalism the workers in Austria as in other parts of the world led a worse life than slaves, for the replacement of slaves did cost additional money and consequently they had to be treated with somewhat more consideration than workers. It is only understandable that the workers revolted against these conditions. First they found the employers suppressed any attempt of the working class to unite and bargain collectively. Today one passes lightly over the fact that the daily working hours amounted to sixteen and more, that children were employed for hard work until they fell asleep due to exhaustion and that only a small portion of their wages were paid out, while the remainder was paid in scrip, valid only in company stores. Many rights of the laboring class which are taken for granted today had to be fought and bargained for bitterly.

In the treatment of this study, I wish first to discuss the beginning of the labor movement in Austria and its development prior to the year 1945, and then the Austrian Federation of Trade Unions (A.F.T.U.) of today. The period

from 1945 to 1952 will be considered in detail not only with respect to labor unions but also to the standard of living of the Austrian people as a whole. This period represents a new epoch in the Austrian economic development which took place following the fall of the "Nazi Dictatorship" and the rise of the "Democratic Republic". After this discussion, some consideration will be given to a comparison, between the Austrian and the American labor movements.

Since the library of Montana State University has little material on the subject it was necessary to send to Europe for the material I needed as background for this study.

## CHAPTER I

### THE LABOR MOVEMENT IN AUSTRIA PRIOR TO 1945

#### The Origin of the Labor Movement in Austria

To understand the labor movement and its problems, it is profitable to cast a glance at the forces which have preceded and conditioned the present.

"Life in the Middle Ages was organized on a fundamentally different pattern from our own. Not only were the great mechanical devices absent, but economic, social, and legal relations were basically different. The Middle Ages constituted a period in which the status of the individual was paramount, in which social relations were fixed and each class owed to the others reciprocal rights and duties."<sup>1</sup>

In the early Middle Ages (sixth to tenth century) peasants in Austria were under the lord's (landowners) jurisdiction. They had to pay a fixed rent on the land they used in money, in labor or in kind, in exchange for which the lords gave them land and protection against other lords.<sup>2</sup> In other words, the peasants belonged to the manor house whose center was the socage-farm. On the socage-farm were not only peasants but also producers of tools, textiles, and houses.

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<sup>1</sup>Philip Taft, Economics and Problems of Labor (Harrisburg, Pennsylvania, Telegraph Press, Stackpole Sons, 1942), p. 4.

<sup>2</sup>Fritz Klenner, Die Oesterreichischen Gewerkschaften, (Verlag des Oesterreichischen Gewerkschaftsbundes, erster Band, Wien 1951, Satz und Druck: "Wiener Verlag", Wien XII), p. 15.

It was profitable to subject these groups to a master. The manorial system gave almost all the rights and privileges to the master class and imposed all the sacrifices and responsibilities upon the subject class.<sup>3</sup>

Because of serfdom on the countryside and relative freedom in the towns, one can observe at this time a recognizable flow of population from the country into the towns. Not possessing raw materials or a place to work, the newly converted townsmen became contemporary servants of the rich town people, who owned a house or land within the town and enjoyed many privileges, while serfs, strangers and foreigners enjoyed few privileges.<sup>4</sup>

In the tenth and eleventh centuries an organization arose in Germany and Austria and other parts of Europe, destined to play an important role in economic development. This organization was the craft guild. They were producers as well as sellers of goods. All engaged in one handicraft in the same village or town were subject to guild rules. The most important guild rule was the "Zunftzwang", which prohibited any handicraft outside the guilds.<sup>5</sup> Membership in the guild was a great privilege which could be obtained

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<sup>3</sup>Clive Day, Economic Development in Europe, (New York 1942, Macmillian Company) p. 3.

<sup>4</sup>Philip Taft, op. cit., p. 7.

<sup>5</sup>Hans Fehlinger and Fritz Klenner, Die Oesterreichische Gewerkschaftsbewegung, (Verlag des Oesterreichischen Gewerkschaftsbundes, Wien:Vorwaerts, 1948), p. 15.

only after due apprenticeship and the payment of admission fees. Terms of apprenticeship were regulated and the apprentice agreed to serve his master for a given number of years, during which time he learned the trade in the master's shop. On completing his apprenticeship of usually from five to seven years, the apprentice achieved the status of a journeyman or even master, if he was able to accumulate sufficient money to open a shop of his own.<sup>6</sup>

Like the masters, the journeymen organized so-called brotherhoods which had some social and fraternal importance. These brotherhoods were loosely formed organizations for in the beginning the road to becoming a master was open to every apprentice or journeyman.<sup>7</sup> This was a definite weakness and contributed to their downfall. Two more reasons can be quoted for the decline and ultimate disappearance of these brotherhoods: first, the connections between workers of one craft with those of another were too loose for effective cooperation; second, the judicial existence of brotherhoods was abolished by a law which prohibited organization. Consequently, existing brotherhoods were dissolved and the formation of new ones forbidden.<sup>8</sup>

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<sup>6</sup>Gordon S. Watkins and Paul A. Dodd, Labor Problems, (New York: Thomas Y. Crowell Company, third edition, 1940) p. 32.

<sup>7</sup>Fritz Klenner, op. cit., p. 18.

<sup>8</sup>Ibid., p. 21.

The Industrial Revolution in Austria  
(From Feudalism to Capitalism)

In considering the transformation from feudalism to capitalism one needs to examine the causes which changed a traditionally bound social and economic system into a dynamic, progressive society. The followers of Karl Marx have interpreted this transformation as changes in productive relations, evidenced by such developments as the growth of trade and markets, the rise of free and independent cities and the accumulation of capital funds seeking investment. As Karl Marx himself said:

"The new productive forces broke through the chrysalis of older social and legal structure which encased them, and finally established their dominance. The need of the capitalist for a free unfettered propertyless labor force was the factor which swept aside the old customs and laws."<sup>9</sup>

Mr. Paul Mantoux gives a similar but somewhat more limited interpretation of this same transformation in Europe when he states:

"The use of machinery, even if not in itself a sufficient definition or explanation of the industrial revolution, remains at any rate a leading fact, in relation to which every other fact in the great historical process must be studied."<sup>10</sup>

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<sup>9</sup>Karl Marx, Capital, (Chicago: Kerr Co., 1906) Vol. I., Chapter IV, p. 85.

<sup>10</sup>Paul Mantoux, The Industrial Revolution in the Eighteenth Century, translated by Marjorie Vernon (New York: Harcourt, Brace and Co, revised edition 1934) p. 193.

Prior to the nineteenth century the working people in Austria were peasants or craftsmen. The former cultivated the soil as their fathers had done, the latter employed tools and methods which had been handed down to them. In the case of both classes of workers, little or no improvement had been made in tools or methods.

From 1730 to 1840 changes<sup>11</sup> swept away methods of production and distribution which had prevailed for hundreds of years, and resulted in the creation of new social structure throughout most of the world.<sup>12</sup> Of particular significance is the breakdown of the monopoly hegemony of the craft guilds and the triumphant rise of the machine.

Since the machine forced the laborer into big factories he developed a hatred toward those "fantastic monsters".<sup>13</sup> In the beginning he even destroyed the machines but finally he realized that they were able to ease his hard work without necessarily taking away his job. Furthermore, his self-consciousness grew with his ability to operate these machines. Or perhaps he realized that he had very little choice in the matter anyway. In his association with other workmen in the same factory he came to realize that

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<sup>11</sup>Supra. p. 4

<sup>12</sup>Gordon S. Watkins and Paul A. Dodd, op. cit., p. 37.

<sup>13</sup>Fritz Klenner, op. cit., p. 31



his hope to reach a higher standard of living was through cooperation with the other workers.

The coalition law of 1870, though being a step forward in the labor legislation, prevented unification on a large scale. Before this law was passed any attempt at collective bargaining could be and was enjoined at the instance of the employer. The coalition law<sup>14</sup> repealed paragraph 481 of the penal code, which declared any agreement between union and employer was unlawful.<sup>15</sup> This law, as well as the "Right of Assembly" law of the year 1867 proved beneficial to the labor movement.

While a portion of the labor class favored peaceful political action, a radical minority contended that force was the solution to the problem of continuous suppression of the working class.<sup>16</sup> This radical group split both the Free Unions and the Social Democratic Party.<sup>17</sup>

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<sup>14</sup>Ferdinand Hanusch and Emanuel Adler, Die Regelung der Arbeitsverhaeltnisse im Kriege, Carnegie Stiftung fuer Internationalen Frieden. (Wien: Hoelder-Pichler-Tempsky, A. G., Yale University Press, New Haven, 1927) p. 29.

<sup>15</sup>From 1870 these agreements were lawful though unenforceable by the courts. It was left to both sides (employer and worker) to fulfill the agreement. See the Article: Koalitionsrecht, in the Austrian Staatswoerterbuch, and the annual report of the years 1909 and 1910, by the K.K. statistical office (Kaiser-und Koenigliches Arbeitsstatistische Amt) about Arbeitseinstellungen and Aussperrungen in Oesterreich.

<sup>16</sup>Fehlinger and Klenner, op. cit., p. 27.

<sup>17</sup>This party was composed of workers, (about 70 per cent), and liberal business and professional men.

It was the radical groups which caused apprehension to be felt throughout the capitalistic world. When the May-day celebration of 1890 was announced by the workers, revolution was expected. The peacefulness of the demonstration surprised and impressed the people.<sup>18</sup> This changed, for instance, the attitude of the authorities and employers towards the Union, and helped to establish the eight-hour day.<sup>19</sup>

In the year 1847, Karl Marx and Friedrich Engel were told on the occasion of a labor congress to work out a program for the laboring classes. In 1848 this program, known as the "Communist Manifesto", appeared. At this time the working classes were weak and exploited.<sup>20</sup> Fifty years later the pessimistic outlook that was expressed in the "Communist Manifesto" proved to be wrong.<sup>21</sup>

According to Karl Kautsky<sup>22</sup>, "the conditions of the

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<sup>18</sup>Ludwig Bruegel, Geschichte der Oesterreichischen Sozialdemokratie (Wien 1921) IV Band, p. 136.

<sup>19</sup>Fehlinger and Klenner, op. cit., pp. 31 f.

<sup>20</sup>Fritz Klenner, op. cit., p. 256.

<sup>21</sup>Karl Marx says in the preface of his work the Manifesto of the Communist Party, "The modern worker sinks deeper and deeper under the conditions of his own class, instead of lifting himself with the progress of the machine. The worker becomes a pauper and this pauperism develops/than population and wealth." faster

<sup>22</sup>Karl Kautsky "Introduction" in Karl Marx and Friedrich Engels Manifesto of the Communist Party (New York: International Publisher 1936) p. 10.

working class are quite different today, though still susceptible to the influence of capital, which tends to cut wages, to increase working hours, to replace workers by machines; the organized workers are steadily gaining ground."

The historical importance of the "Communist Manifesto" therefore lies partly in the fact that it showed the trend within capitalism, and summoned up the workers to unite their efforts in an attempt to secure greater freedom from the impact of this development.<sup>23</sup>

In Austria it was believed that the Union and the Social Democratic Party should work in harmony<sup>24</sup>, each complementing the other. Furthermore, it was believed that the Union should be concerned with more than higher wages and shorter working hours, in order to fulfill its duty in the emancipation of the labor class.<sup>25</sup>

THE Union And The Political Development  
(from World War I to 1934)

The Austrians on the eve of World War I were not concerned with national difficulties as much as with strictly

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<sup>23</sup>Friedrich Engels "Preface" to the Manifesto of the Communist Party (Chicago: C. H. Kerr & Company, 1915) pp. 4-6.

<sup>24</sup>Eduard Bernstein, part of his talk held at the occasion of the International Socialist Congress in Stuttgart, cited in F. Klenner, op. cit., p. 252.

<sup>25</sup>Beer, part of his talk. Ibid. p. 252.

labor problems. This situation is understandable since the Union was not yet a potent political force. During the war much labor legislation was abrogated.<sup>1</sup> This led to a general decrease in union membership. In 1917, however, the end of the war being in sight, the Union began to grow again.<sup>2</sup>

Shortly after the war ended in 1918 a military alliance ("Heimwehr") was formed in Austria.<sup>3</sup> The Social Democratic Party very soon demanded its dissolution, saying it did not want any armed union within the country. On being denied, the Social Democrats formed the so-called Republican Protective Association ("Republikanischen Schutzbund") which the workers looked upon as an absolutely necessary defense instrument.<sup>4</sup>

In the postwar years the situation in Austria was far worse than in other European countries. This was due to the

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<sup>1</sup>Labor at this time lost nearly all its gains. The laws about children and women work, Sunday work and the right to organize and bargain collectively were not enforced for the duration of the war.

<sup>2</sup>For a more detailed history of this time, see Ferdinand Hanusch and Emanuel Adler, op. cit., pp. 32-167.

<sup>3</sup>Fehlinger and Klenner, op. cit., p. 49. The Austrian Military Alliance was the first soldier's union in the world. According to Fehlinger-Klenner, the "Heimwehr" was mainly supported by capitalists and townspeople.

<sup>4</sup>Julius Deutsch wrote several essays concerning the armament of townspeople and pointed out the danger therefrom. His solution was the liquidation of all armed organizations or the formation of armed workmen's organizations. Ibid., p. 56.

destruction of the old territorial limits which deprived the country of iron, a large part of its coal, and many of its most important agricultural provinces.<sup>5</sup>

Because of widespread bankruptcy and limited credit expansion the situation in the early 1920's grew worse. This led in 1926 to the highest unemployment Austria has ever experienced. The first to suffer from these financial reversals was the workman.<sup>6</sup>

At the same time a great danger was recognized in the rise of fascism. Government executives flagrantly disregarded law and the rights of men. In 1929 a constitutional amendment supported by the Heimwehr was submitted to the National Council. This amendment would have given the president the right to issue "emergency orders" and would have increased the power of the police to enforce these orders.<sup>7</sup> When the plans were known by the public, the leaders of the Social Democratic Party, as well as the union leaders, protested vehemently. In fact, they were ready to fight with arms if necessary.<sup>8</sup> Their protest succeeded; the reform

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<sup>5</sup>Witt Bowden, Michael Karpovich and A. P. Usher, An Economic History of Europe since 1750, (New York: American Book Company, 1937), p. 691.

<sup>6</sup>Fehlinger and Klenner, op. cit., p. 54

<sup>7</sup>Ibid., p. 65. This amendment of the Constitution would have ended the Austrian Democracy in the year 1929.

<sup>8</sup>Ibid., p. 66.

adopted left the democratic institutions of the state untouched and did not disturb any powers which had been granted to the President by the Constitution. The success of this protestation meant defeat of the Heimwehr and other fascistic organizations. In the following years the latter organizations mistreated the workers in order to revenge this defeat. Civil war seemed inevitable.

Another factor which tended to destroy the Austrian Democracy was the prevailing economic situation in the 1930's. In this period Austria suffered a deep economic depression. Party difficulties and continued suppression of the working classes aggravated the situation. As a consequence there ensued a high level of unemployment and rapidly rising prices.

By 1933 the fascists had already obtained enough power to prevent the celebration of May 1.<sup>9</sup> At the same time the Schutzbund<sup>10</sup> had to be dissolved and any kind of gatherings declared illegal.

The first serious outbreak occurred in Linz<sup>11</sup>, which was followed by a general strike of laborers throughout all

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<sup>9</sup>May 1 in the European countries is celebrated to commemorate Labor Day.

<sup>10</sup>Supra, p. 11.

<sup>11</sup>Center of the Austrian steel production situated on the Danube, 150 miles west of Vienna.

industry. As a result of this outbreak the Social Democrats and the illegal Schutzbund in all Austria took up arms. Soon the fight ended with a defeat of the Social Democrats, which was thereupon declared to be an illegal organization, their property was seized and many of their leaders were put in prison.<sup>12</sup>

### Representation of Union Interests

In the preceding section of this chapter it was shown how the external economic and political development of the Unions took place in Austria. It was also shown how these Free Unions and the Social Democratic Party came to an end. In this section the means through which union interests were represented during the same period will be examined.

After the proclamation of the First Republic of Austria in 1919 the workshop confidants<sup>13</sup> were recognized by law as shop stewards (Betriebsraete). According to this law the Union representative had the power to question the dismissal of any worker and to demand the fulfillment of collective bargaining contracts. The shop stewards represented

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<sup>12</sup>Fehlinger and Klenner, op. cit., p. 69.

<sup>13</sup>It had been customary for the workers to elect a confidant to act as their agent in dealing with management and administration.

the Union in any dispute whether between Union and management, or Union and worker.<sup>14</sup>

Management fought the effect of this shop steward law by continually transferring the candidates from job to job, by firing them on the slightest excuse and, in extreme cases, by temporarily discontinuing production in order to get rid of them.

These arbitrary actions of management were curbed slightly by several provisions later enacted in the shop steward law, such as the requirement to re-employ former shop stewards after the reassumption of production.<sup>15</sup> In many cases the Union met these suppressions successfully.

Furthermore, the workers wanted an institution similar to the Chambers of Trade and Commerce, Industry, Agriculture, Medical Doctors and Lawyers, which were nation-wide in scope. Since 1848 there have existed in Austria Chambers of Trade and Commerce. Membership in these organizations was compulsory; they influenced government administration and economic policy of the country.<sup>16</sup> In 1917, at the occasion of the national convention of the Union, the foundation for the

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<sup>14</sup>The shop stewards were not given power to decide any controversy. Decisions in union disputes were made by the government board (Verwaltungsgerichtshof). Furthermore, any stand taken by a shop steward on a major issue was subject to union approval. Ibid., p. 118.

<sup>15</sup>This provision applied to the construction industry, Ibid., p. 119.

<sup>16</sup>Trade Union News Bulletin from Austria. Issued by the Austrian Federation of Trade Unions (Vienna I Hohenstauffengasse 10-12, 1950) No. 3, p. 2.



Chambers of Workers was laid. The composition and purposes of these Chambers were expressed in the following resolution:<sup>17</sup>

The Chambers of Workers are to be composed of all male and female workers within their sphere of activity. They will elect 25 up to 100 officers for the chamber-board, which in turn will elect a President and five to ten administrators . . . There are to be as many Chambers of Workers as existing Chambers of Trade and Commerce. One of their primary duties will be to give bi-annual reports on employment fluctuations, wages and other working conditions. . . These Chambers are to be organized at the cost of the government and once instituted to be maintained by funds raised through an increase in illness, industrial accident, and old age insurance deductions."

The adoption of the resolution in 1921 established the Chambers of Workers as the legal representatives of the social and economic interests of all wage earners.<sup>18</sup> The sphere of activity of these new organizations reached into every branch of administration, economics and politics. The Chambers, while working in harmony with the Union, did not usurp any union activities, but concerned themselves with assisting the Union through its influence in government administration.<sup>19</sup>

Since 1921 every one of the nine Austrian provinces has its own Worker's Chamber composed of 48 to 144 members according to the size of the province. In addition to the elected members there are salaried experts who represent

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<sup>17</sup>This convention took place in Vienna, Nov. 1917. All unions, except five small local groups, were represented. F. Klenner, op. cit., p. 43.

<sup>18</sup>Infra., p. 42.

<sup>19</sup>Trade Unions News Bulletin from Austria, No. 3 (Feb., 1950) p. 2.

such fields as social legislation, economics and education. Meetings are held at least every other month. Representatives of all Worker's Chambers constituted the Worker's Chamber Convention which convenes at least once a year and deals with problems common to all Chambers. The tasks of the Worker's Chambers are comprehensive, some of the more important being to examine any proposed legislation which in any way is connected with the interests of wage earners. In addition, the Chambers are concerned with housing, nutrition, public health, education, prices, and training of apprentices.<sup>20</sup>

As the shop stewards and the Union represent the individual plants, the Chambers of Workers represent all working people in politics and administration.

#### The Right of Collective Bargaining

Long before the legal regulation of collective bargaining contracts in Austria, there were several kinds of agreements between employers and employees.<sup>21</sup> In the beginning these dealt with wages but later provisions concerning working conditions were added. These early bargaining

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<sup>20</sup>Ibid., p. 2.

<sup>21</sup>Ferdinand Hanusch and Emanuel Adler, op. cit., p. 30.

contracts lacked legal recognition. The only provision which gave these contracts some judicial value is to be found in the general law book for citizens ("Allgemeinen Buergerlichen Gesetzbuch"). A provision of this Gesetzbuch provides that debtors must fulfill their written obligation to creditors. This provision puts the contracting parties of any collective bargaining agreement in a debtor-creditor relationship.<sup>22</sup>

"Nevertheless the importance of these early collective bargaining contracts can be overlooked, as the goals which the working class was attempting to achieve in economic and social political direction were reached even before the first law of collective bargaining (Kollektivvertragsgesetz) in 1920 . . ."<sup>23</sup>

During the early years of the Austrian Union movement collective bargaining agreements were rather few in number. On the one hand entrepreneurs were generally opposed to collective bargaining contracts and workers themselves did not want any long term obligations because they preferred having the opportunity to raise new demands any time they desired to. Finally, in 1903, at the Free Union convention, a resolution stating the necessity of more collective bargaining contracts was accepted by the majority.<sup>24</sup> From this year on one finds an increase in collective bargaining con-

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<sup>22</sup>Allgemeine Buergerliche Gesetzbuch: para. 859 ff.

<sup>23</sup>Dr. Gustav Hoffmann, Ministerialrat im Bundesministerium fuer Sociale Verwaltung, Das Kollektivvertragsgesetz (Wien: Manzsche Verlagsbuchhandlung, 1947), p. 2.

<sup>24</sup>Fehlinger and Klenner, op. cit., p. 113.

tracts in Austria. In 1914 the number of workers under some kind of collective bargaining contracts exceeds 200,000 as compared with 64,500 in 1908.<sup>25</sup>

Important antecedents of the collective bargaining law of 1920 were the first legal regulations concerning wages and working conditions for home workers,<sup>26</sup> the Shop Steward Law,<sup>27</sup> the Mine Workers Law,<sup>28</sup> the Law of Vacations, and the Eight-Hour Day Law.<sup>29</sup>

During the early years of World War I, collective bargaining contracts declined in number; however, following

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<sup>25</sup>Ibid., p. 114.

<sup>26</sup>Staatsgesetzblatt, Nummer 283 vom Jahre 1919 (paragraph 3, Absatz 2, Zeile 1 und 2. By home worker is meant one who performs the work for an employer in the worker's own home.

<sup>27</sup>Ibid., Nummer 406 vom Jahre 1919 (paragraph 3, Absatz 2) This shop steward law included directions for the shop stewards to look to the observance of existing collective bargaining contracts. This law gave them the right to close agreements with the entrepreneurs, upon instances which were not specially regulated in the existing collective bargaining contracts. According to Fritz Klenner, Op.cit., p. 559, this law was an important step forward in labor legislation.

<sup>28</sup>Bundesgesetzblatt, Nummer 395 vom Jahre 1919 (paragraph 8, Absatz 2 und 3.

<sup>29</sup>Ibid., Nummer 581 vom Jahre 1919 (paragraph 5). In this eight-hour-day law we find the first legal definition of "collective bargaining contract" which was to be the same in the shortly following Collective Bargaining Law.

they became more frequent. Individual and local contracts were gradually replaced by industry-wide contracts with some local autonomy. During the post war period of depression and economic confusion the hostile attitude of administrators and legislators in regard to collective bargaining contracts changed to gradual acceptance.<sup>30</sup>

TABLE I  
Development of Collective Bargaining  
Contracts in Austria  
(1919-1929)

<u>YEAR</u>	<u>CONTRACTS</u>	<u>PLANTS</u>	<u>WORKERS</u>
1919	961	36,044	529,846
1920	1611	45,895	633,349
1921	2467	59,070	908,007
1922	1906	91,271	780,828
1923	1226	83,552	751,036
1924	735	93,748	697,925
1925	636	82,516	562,289
1926	429	36,519	270,489
1927	599	53,620	327,014
1928	925	139,480	451,346
1929	813	--	373,609

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Source: Fehlinger and Klenner, *op. cit.*, p. 115

In January 1920 the Law of Collective Bargaining (hereafter referred to as KVG 1920 (abbreviation for Kollektivvertragsgesetz) was put into effect. Also, the law concerning provision for conciliation boards was passed in the same year.<sup>31</sup>

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<sup>30</sup>Supra, p. 8.

<sup>31</sup>Fritz Klenner, op. cit., p. 558.

According to this second law collective bargaining contracts had to be submitted to these boards and announced in the "Wiener Zeitung",<sup>32</sup> in order to be legally recognized and enforceable. The KVG of 1920 had far reaching and effective coverage since it included the skilled workers as well as the learners (apprentices) in industry and municipal employees. In other words, it covered all workers and employees with the exception of those in agriculture and forestry.<sup>33</sup> According to the legal definition:

"Collective bargaining contracts are agreements between organizations of workers and one employer or between organizations of workers and several employers which determine in written form wages and working conditions. (Arbeitsverhaeltniss)"<sup>34</sup>

The importance of the KVG 1920 was in the fact that clauses settled in the collective bargaining contract were not to be changed for the working class into less agreeable terms. In order to protect and extend the scope of the law to workers whose employer refused collective bargaining agreements, a provision of the KVG 1920 made it possible that certain important points of a collective bargaining contract which covered only a part of a particular industry

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<sup>32</sup>"Wiener Zeitung" literally translated: Vienna Newspaper, is the daily newspaper which is published for the purpose of announcing official government action regarding opening the new business, formation of corporations, cases of bankruptcy, newly closed collective bargaining contracts, etc.

<sup>33</sup>Gustav Hoffman, op. cit., p. 4.

<sup>34</sup>Bundesgesetz vom 15. Dezember 1919 (KVG 1920) ueber die "Regelung von Arbeits und Lohnbedingungen durch Kollektivvertraege", (Paragraph 11, Absatz 2).

could be declared obligatory for all employers and employees of the whole industry. Labor demanded this provision. From time to time management utilized this provision to protect itself from competition from outsiders.<sup>35</sup> By stabilizing industrial relations collective bargaining contracts became an indispensable legal instrument and an important factor in economic life.<sup>36</sup> In the year 1921 the right to close collective bargaining contracts was extended to the Chamber of Lawyers and Notary Publics. Collective bargaining was also extended to a minor degree to shop stewards in that they were allowed to supplement the between employers and workers existing contracts in points which were previously left up to special regulation.<sup>37</sup> With the exception of a few changes in the KVG, 1920, it was effective until 1930. In the 1930 new regulations were favored by many to the extent that working conditions should be standardized to eliminate differences among plants.<sup>38</sup> In 1933 the KVG, 1920, was amended with regard to the settlement of disputes in economically important industries. This new provision represented the transition from the principle of free collective bargaining to a limited coercion. It provided that

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<sup>35</sup>Ibid., p. 9.

<sup>36</sup>Ibid., p. 2.

<sup>37</sup>Ibid., p. 6.

<sup>38</sup>Ibid., p. 11.

arbitrations of the Conciliation Board if not contested by employer and employees within a week, were obligatory for both parties.

The Period of Union Illegality  
(1934-1945)

The Dolfuss-Schuschnigg Era (1934-1938). The years from 1934 to 1938 witnessed the transition from democracy to absolute autocracy. Early in 1934 Chancellor Dolfuss, with the support of Christian Socialists and the Heimwehr,<sup>1</sup> assumed dictatorial power. He ruled by decree for several months but on May 1, 1934, proclaimed the new constitution.<sup>2</sup> This document which ignored the postwar republican regime was based upon a law of the 1917 monarchy. It established a governmental system which was as far removed from popular democracy as could be conceived.<sup>3</sup> Although the rights of the citizen given in elaborate detail<sup>4</sup> were guaranteed,

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<sup>1</sup>Supra, p. 8.

<sup>2</sup>"Bundesgesetzblatt fuer den Bundesstaat Oesterreich" (Jahrgang 1934, 2. Stueck, Nummer 1, pp. lff. (Wien: Oesterr. Staatsdruckerei. 1934).

<sup>3</sup>The new Constitution was passed by a rump National Council (the Social Democratic Party previously dissolved, was not present and only 74 out of 144 deputies were present when the Constitution was passed) B. Mirkine-Guetzevitch, "The New Austrian Constitution", Political Quarterly, October 1934, p. 563.

<sup>4</sup>Articles 15 to 33, pp. 2-5. Constitution passed on April 30, 1934, "Bundesgesetzblatt fuer den Bundesstaat Oesterreich," "Stenographisches Protokoll der Versammlung des Nationalrates ueber die Verfassung."



these guarantees did not always mean much to the citizen because many exceptions were permitted by the law, as for example in Article 23 of the constitution:

"The secrecy of letters, likewise secrecy of post, telegraph and telephone are inviolable. Exceptions are determined by the law."

Since the law is determined by the government, it can be easily seen how little protection is afforded the rights of the individuals by the Constitution.<sup>5</sup>

After the events of 1934, the Free Unions, the Christian Socialist Union<sup>6</sup> and the German National

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<sup>5</sup>The Dolfuss Government, of but six months duration, terminated with Dolfuss' assassination. It is believed that the assassination was executed by the Nazi's who in the confusion hoped to put an individual from their own party in power. The "coup" failed and Schuschnigg, Minister of Education, in the former Dolfuss Government was asked to take over the Chancellorship.

<sup>6</sup>In Austria the Christian Democratic Unions have always been of minor importance. In the 1870 Catholic guilds coming from Germany settled in the eastern mountain parts of Austria. Toward the end of the 19th century Christian Democratic Clubs were organized. At the beginning of the 20th century the formation of Christian Democratic Unions was stimulated by the Christian Democratic Party. According to their basic beliefs the Christian Democratic Union rejects and condemns social class struggle, which of course did not prevent them from representing workmen's interest with firm determination, though strikes should only be taken up if all other attempts to settle the dispute have been in vain. The central organization of the Christian Democratic Unions, even before the first World War had connections with International Organizations of Christian Democratic Unions. Furthermore, they entertained friendly relations with similar organizations in different countries of Europe. In the interval between World War I and World War II members of the International Association of Christian Democratic Unions included (this footnote continued on page 23)

Union<sup>7</sup> were replaced by the so-called "Einheitsgewerkschaft". Most of the workmen distrusted this new Union and the membership never exceeded 400,000.<sup>8</sup>

On the first of August, 1934, the workshop law which supplanted the place of the shop steward law<sup>9</sup> made the right to vote for the shop stewards dependent upon membership in the "Einheitsgewerkschaft". Many joined the new Union in order to elect representatives of their own choosing. Others who were unemployed at that time joined because they believed that they would have a better chance to obtain work.<sup>10</sup> To increase the membership of the "Einheitsgewerkschaft" the authorities decided that government contracts were to be

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<sup>6</sup>(continued from page 22) those from Belgium, Germany, France, Italy, Yugoslavia, the Netherlands, Austria, Spain, Switzerland, Czechoslovakia and Hungary. Beginnings of Christian Union movements have further been found in Poland, in the Baltic countries and Canada as well as in some Latin American republics. (Fehlinger and Klenner, op. cit. pp. 134-140).

<sup>7</sup>The German Union in Austria was a side organization of the "German National Employment Organizations". This Union was founded in 1919. Its predecessor was the Reich-Union-Council (Reichsgewerkschaftsrat) of the German worker's associations. The aims of the German Union in Austria were mainly political. (Fehlinger and Klenner, op. cit., p. 241.)

<sup>8</sup>This number represents two-thirds of the pre-1934 union memberships.

<sup>9</sup>Supra, p. 12.

<sup>10</sup>The 361,595 members in June 1936 were composed of: 242,371 full time employed; 5,714 apprentices; 12,108 persons on relief; and 101,402 unemployed. (Fehlinger and Klenner, op. cit., p. 143)

given exclusively to firms with predominantly "Einheitsgewerkschaft" employees. These contracts were vitally necessary to the existence of many companies.

During this period the KVG 1920 was somewhat altered. All workers in a particular industry were now covered by collective bargaining contracts whether they belonged to a union or not;<sup>11</sup> previously only union members were covered by collective bargaining contracts. No further changes of any consequence were introduced before Austria's occupation by Germany in 1938.

Die Deutsche Arbeitsfront (German Workmen's Front).

Labor progress, severely retarded during the Dolfuss-Schuschnigg Era, was dealt another blow by the realization of the Anschluss and the consequent autocratic rule imposed on Austria.

One doctrine of the Nazi regime was that the citizen should serve the state to the best of his ability. Their interests were disregarded as long as they did not conflict with the government's program. All associations, political or economic, were swept away, leaving the Nazi Party in supreme control. Labor Trade Unions were declared illegal and the Einheitsgewerkschaft was replaced by the German

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<sup>11</sup>Gustav Hoffmann, op. cit., p. 12.

Workmen's Front (DAF).<sup>12</sup> The DAF combined representatives of employers and workers but subjected both to party control. Questions of work and pay were no longer settled by private negotiations but by public administrators.<sup>13</sup>

The "Gesetz zur Ordnung Nationaler Arbeit" (Law for the Regulation of National Work) of January 20, 1934, was extended over Austria and made effective July, 1938.<sup>14</sup> At the same time the KVG 1920 as well as all other existing provisions and regulations of collective bargaining were annulled. This law transferred the regulation and determination of wages and other working conditions to special authorities called "Reichstreuhaendler der Arbeit" (Public trustees of work), in which neither employers nor employees had any influence on the closing of collective bargaining contracts.<sup>15</sup> The general duty of these trustees was to set up general directions of work (Richtlinien) for collective bargaining contracts. Wherever it proved necessary wage regulations (Tarifordnungen) were set up by the government and were not open for collective bargaining.<sup>16</sup>

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<sup>12</sup>This Front, according to Fehlinger and Klenner, "was nothing else but the continuation of the military front in the hinterlands."

<sup>13</sup>Wage scales were decreed and every violation was severely punished. For more detailed information of the DAF see: Hauser, Die Deutsche Arbeitfront, Ch. 7, pp. 172-193.

<sup>14</sup>Gustav Hoffmann, op. cit., p. 15.

<sup>15</sup>Ibid., p. 16.

<sup>16</sup>For more detailed information about the AOG and TO, see: Hueck-Nipperdey-Dietz, Gesetz zur Ordnung der Nationalen Arbeit, (Muenchen: Becksche Verlagsbuchhandlung, 1943)

Resistance could no longer take the form of strikes, which were now regarded as treason or mutiny. The shop stewards of the DAF were elected by the Nazi Party and did not have as their first goal the interests of the workers. Their obligation was to increase productivity and speed up war production.<sup>17</sup> Another doctrine as expounded by Professor Clive Day was:

"The laborer should have a position in the society according to the importance of his contribution. Sternly as the government repressed opposition, strictly as it oppressed rise of wages, it still showed some favor to the laborers as a class. If to an observer, used to the easy going ways of a democratic country, it appeared to have spoiled the joy in life, its organ "Strength through Joy" did introduce and administer vacations with pay for the working class, and did extend the opportunities for recreation. If under the conditions, the name of another organ, Beauty in Work, looked specious, yet it did bring pressure on employers to improve some features of factory life . . ."<sup>18</sup>

Continuing Professor Day says that:

"The critic will contest the propriety of the Nazi policy of armament and autarchy, which left but slight resources for enjoyment. He can point to glaring instances of the abuse of their position by the political privileged. He must admit something, even if it is little, to be credited to the labor policy of the Nazi government."<sup>19</sup>

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<sup>17</sup>Fehlinger and Klenner, op. cit., p. 146.

<sup>18</sup>Concerning the "Strength through Joy" institution of this time, the author of this manuscript recalls a statement which one of our factory workers made. He said: "They are ordering us to enjoy ourselves-to be able to produce next week twice as much as this week, to amuse ourselves-to forget what's going on around us. I know that a statement like this can easily bring me in the cage, so I better shut up in time."

<sup>19</sup>Clive Day, Economic Development of Europe, (New York Macmillian Company, 1942) p. 468.

On the debit side of the account, the laborer lost all industrial freedom. By the decrees of February-March, 1939, any inhabitant could be summoned for any work in any place for an unlimited period of time. Techniques and procedures of the DAF were quite different from those of the former free unions. The DAF tended to be coercive and autocratic. Free unions which had developed out of brotherhoods and guilds, organizations of working men built upon the principles of freedom. Workers joined these Free Unions without coercion and shop stewards were elected by them; conversely, the DAF was a coercive organization ruled by the Nazi government. The DAF did not and was not allowed to fight for worker's interests. The majority of the workers stood in no close relation to the DAF for they regarded with hate and distrust this organization to which they were forced to belong.

#### The Resistance Movement

During the period of union illegality (1934-1945) many workers still assembled in illegal meetings.<sup>20</sup> Secret conventions were held on which representatives from all parts of Austria participated. Many labor leaders fled abroad,

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<sup>20</sup>Fehlinger and Klenner, op. cit., p. 72.

and others were arrested and forced into concentration camps.<sup>21</sup> Not believing in the eternal existence of the Nazi regime, they did not lose their courage, hoping that they would again be free. A report of Robert Pipelka, a chemical industry worker and one of the leaders of this illegal movement, describes some instances of the period 1934-1938:

"Every union had its own meeting place where they assembled regularly. It often happened at our meetings, that the Nazis who held their meetings illegally as we did had their meetings next door to ours. We were always wondering who, in case of an unexpected visit of the police, would be arrested first. . . . After a short time of illegal activity we proceeded to publish illegal newspapers, which in most cases were printed in Czechoslovakia and smuggled to Austria. . . . collection of dues was difficult, dangerous, but successful. To show the effective range of the illegal movement I will list the membership stamps sold by 1936:

TABLE 2

Membership stamps sold by 1936

Metal workers	168,000
Food workers	131,000
Textile workers	56,000
Chemical workers	40,800
Construction workers	38,870
Municipal employees	34,500
Restaurant employees	13,900

source: Fehlinger and Klenner, op. cit., p. 83

The experience which these illegal union members gained during this period (1934-1938) was helpful for the

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<sup>21</sup>Fehlinger and Klenner, op. cit., p. 95

years to come, since the fight against the Hitler system was incomparably more difficult. The larger organizations had to be broken up into small groups, whose main objective was to keep alive the spirit of Free Unions.

As the Hitler regime used a closely-knitted spy-system, caution was essential to success and survival. Concentration camps and death sentences were the price for illegal union activity.

Nobody knows how many of these who fought against Nazism were killed in concentration camps, because no complete statistics are available.<sup>22</sup> At the Supreme Court in Vienna a special division of the Berlin Court of Justice was established. Most of the official documents of this tribunal were destroyed. The only documents saved were those decreeing 1406 judicial death sentences. The number of judicial death sentences are believed to have exceeded 5,000.<sup>23</sup> Those convicted were mainly accused of illegal activity against the Nazi Regime. As referred to in the preceding section of this chapter the majority of the workers were indifferent toward the DAF and stood in no close relationship to it, which means that they did not regard this government institution as the representative of their interests. In bigger plants officers of the pre-1934 unions were still the confidants of the workers. When in 1945, compulsion was replaced by freedom, the coercive organization of the DAF was abolished.

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<sup>22</sup>Ibid., p. 94

<sup>23</sup>Ibid., p. 95



## CHAPTER II

### THE LABOR MOVEMENT IN AUSTRIA SINCE 1945

#### Political Situation in Austria after World War II

Shortly after the entry of the Red (U.S.S.R.) Army into Vienna, April 1945, the war was ended and with it Hitler's autocracy. A provisional Austrian Government was set up under the leadership of Dr. Karl Renner, a well-known Social Democratic statesman.<sup>1</sup> This was the first independent authority in Austria since the country was occupied by Hitler Germany in March, 1938. The provisional government adopted a transitional constitutional law declaring the Constitution of the former Republic of October 1, 1920, as amended in 1929,<sup>2</sup> once more in force. Under this Constitution, Austria became a Democratic Republic.

The four occupation powers, the United States of America, Soviet Russia, the United Kingdom and France, recognized the Provisional Government subject to the provision that national elections were to be held not later than December, 1945. The first national election was held in

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<sup>1</sup>Dr. Renner served as first Chancellor of the Austrian Republic after the dissolution of the Austrian-Hungarian Monarchy in 1918.

<sup>2</sup>Supra, p. 9.

November, 1945, and the second in October, 1949. Candidates were put forward by the Austrian People's Party (in some respects the successor of the Christian Socialist Party), the Socialist Party (successor of the Social Democratic Party) and the Communist Party. Dr. Karl Renner was elected President.<sup>3</sup>

TABLE 3

Results of the National Elections

Party	Number of popular votes		Percentage		Seats in Nat. Council	
	1945	1949	1945	1949	1945	1949
Peoples' Party	1,602,227	1,846,581	49.8	44.03	85	77
Socialist "	1,434,898	1,623,524	44.6	38.71	76	67
Communist " *	174,257	213,066	5.4	5.08	4	5
Independents	---	489,273	-	11.67	-	16
Splinter Groups	---	21,289	-	9.51	-	-

\*leftest bloc

Source: "Neues Oesterreich" daily newspaper (Demokratisches Organ Oesterreichs) November 26, 1945, Oct.10, 1949.

### Foundation and Organizational Structure of

#### The Austrian Federation of Trade Unions

As late as April, 1945 labor leaders and shop stewards who had survived the Nazi time of illegality assembled here

<sup>3</sup>On May 27, 1951, following the death of President Karl Renner, Dr. Theodore Koerner, Socialistic Major of Vienna, was elected Federal Pres. by popular vote for a term of six years. For more detailed information about Austria's Constitution and the United States Policy see: "Austria, a Summary of Facts and Figures" Published by the Information Dept. of the Austrian Consulate General. (New York, 1951/52.)

and there to restore Free Unions. They were determined that the bitter party antagonism which had destroyed the first Republic, and with it the trade unions, would not be repeated. The labor leaders of all three political parties: the Austrian People's Party, the Austrian Social Democratic Party, and the Communist Party, all agreed that all parties should be represented in a new organization to be known as the Austrian Federation of Trade Unions (A.F.T.U.). On April 30, the A.F.T.U. was recognized and given permission to function by the Soviet Military Government in Vienna.<sup>4</sup>

The top leadership of each of the Unions was nominated or selected mainly from pre-1934 union leaders. Each of the political parties was represented in the union by an equal number of presidents. The other officials were elected largely from former shop stewards. At this level the political parties did not have an equal number of party members as officials because a proportionate system was used; that is, the number of officials of any one party was to be in proportion to the size of the party. This system of electing has been used since.

In the first months of existence, there was little connection between the union organizations in Vienna and

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<sup>4</sup>Fehlinger and Klenner, op. cit., p. 151

those in other parts of Austria. This was due to the fact that Austria by agreement among the four occupation forces<sup>5</sup> was divided into four zones,<sup>6</sup> which, up to the autumn of 1945, were practically without communication. When the central organization in Vienna was able to resume contact with the other labor groups, it found that they were organized in other zones as they were in Vienna.

The primary characteristic of the A.F.T.U. is its centralization. This is to avoid loss of power because of dispersion. The workers now have one big Union, which is a Federation of 16 different unions.<sup>7</sup>

The 16 Unions are:<sup>8</sup>

Union of Commercial, Clerical and Technical Employees  
 Union of Public Employees  
 Union of Municipal Employees

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<sup>5</sup>Supra, p. 30.

<sup>6</sup>In April, 1945, Russian troops moved into Austria from the east while Allied troops (American, British, French) entered Austria from the west and north. They met at the Enns River where the so-called "Demarkationline" was established, which gave the Russians occupation rights of the country east of this river and the Americans, British, and French west of it. Vienna itself (refer to map on page 37) situated in the Russian Zone is subdivided into 4 sectors, like Berlin, with the difference that the Russian Zone of Vienna is not behind the iron curtain.

<sup>7</sup>It is interesting to note that the Congress of the Fred Unions in 1928 already wanted to incorporate the many existing unions into 16 nationwide organizations (instead of 54 in 1913 and 37 in 1933).

<sup>8</sup>Infra., p. 35.

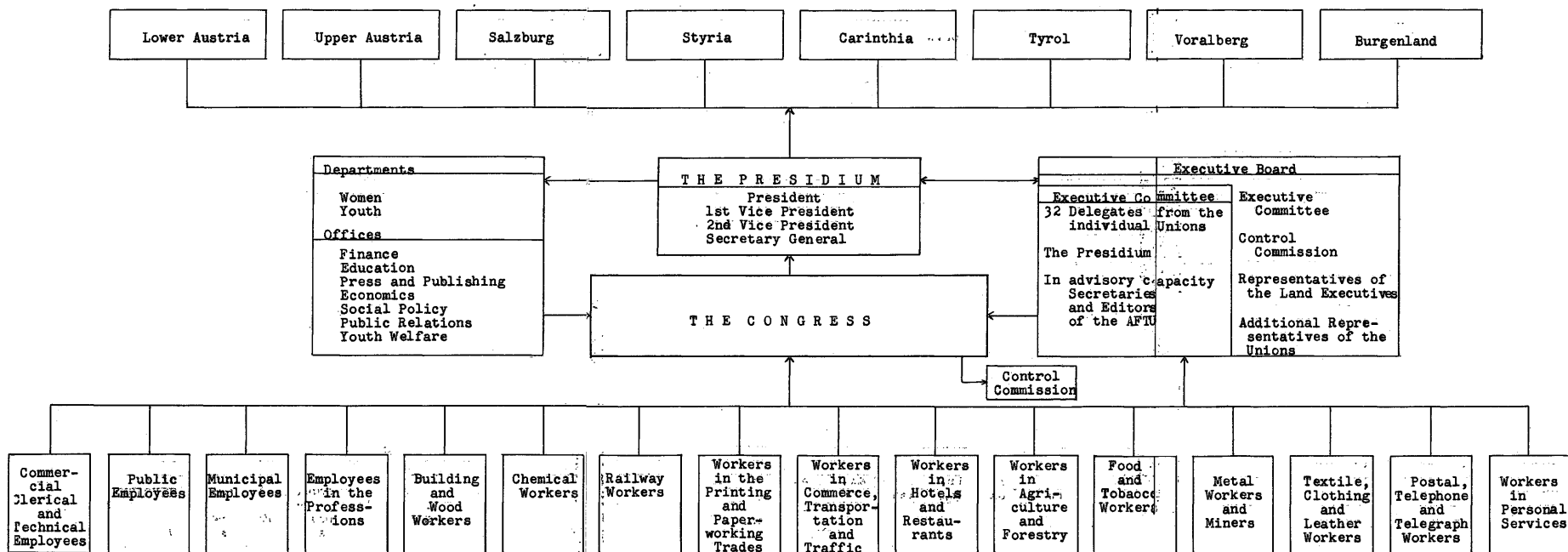
Union of Employees in the Professions  
Union of Building and Wood Workers  
Union of Workers in Chemical Industries  
Union of Railway Personnel  
Union of Workers in Printing and Paper Processing  
Industries  
Union of Workers in Trade and Commerce, Transportation,  
Traffic  
Union of Hotel and Restaurant Workers  
Union of Workers in Agriculture and Forestry  
Union of Workers in Food and Tobacco Industries  
Metal and Mine Workers Union  
Union of Textile, Clothing and Leather Workers  
Union of Postal, Telegraph and Telephone Employees  
Union of Workers in Personal Services

The industrial organizations were limited to manual workers, an example of which is the Chemical Worker's Union. Often two or more related industries were combined into one such as steel and mining. The interests of the different crafts within these Unions were represented by so-called "Berufsgruppenvertretungen" (occupational section representatives).

Due to a differentiation between manual and white-collar workers which traditionally prevailed in Austria, the white-collar workers were given their own organizations whenever possible. The Unions for the Federal Services, the Municipal Service, and the state-owned Railroads and Public Utilities include both white-collar and manual workers.

The daily business of the Federation is carried out by the Secretariat according to the directions of the Executive Council and the Presidium. The Secretariat is directed by appointed secretaries. The Congress is the

ORGANIZATIONAL STRUCTURE OF THE AUSTRIAN FEDERATION  
OF TRADE UNIONS



Source: "Trade Union News Bulletin from Austria" No. 23, pp. 5. and 6. Issued by the Austrian Federation of Trade Unions (Vienna, 1951).

Chart 1

supreme body of the Federation. It elects the Presidium, determines the constitution membership dues and decides motions put to the Congress. Resolutions which alter the constitution must be passed by a two-thirds majority. The Congress is convened by the Executive Council at least once every three years. Number of delegates of each union is in proportion to their membership. The Executive Council is composed of the President, and the two Vice-Presidents of each of the 16 unions. The Federation's secretaries participate but may not vote. The Executive Council must be informed of all strikes no later than the beginning of strikes. Strikes involving public interests must have prior authorization of the Executive Council.<sup>9</sup>

On September 1, the first convention of the A.F.T.U. took place in the Main Vienna Concerthouse. Represented were the union leaders and all lesser union officials of Vienna and environment. Three weeks after this Convention at the State-Convention it was decided that social legislation could be passed in all federal provinces.<sup>10</sup>

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<sup>9</sup>Trade Union News Bulletin from Austria" (Vienna, 1950) No. 4, p. 2. Also Supra, Chart 1, p. 35.

<sup>10</sup>Austria is composed of nine Federal Provinces (Laender): Vienna, Lower Austria, Upper Austria, Salzburg, Styria, Carinthya, Vorarlberg and Burgenland. Please refer to map I, page 35. These federal provinces are divided into self-governing administrative districts consisting of local communes (Ortsgemeinden) and district communes (Gebietsgemeinden). Refer to map on p. 37.

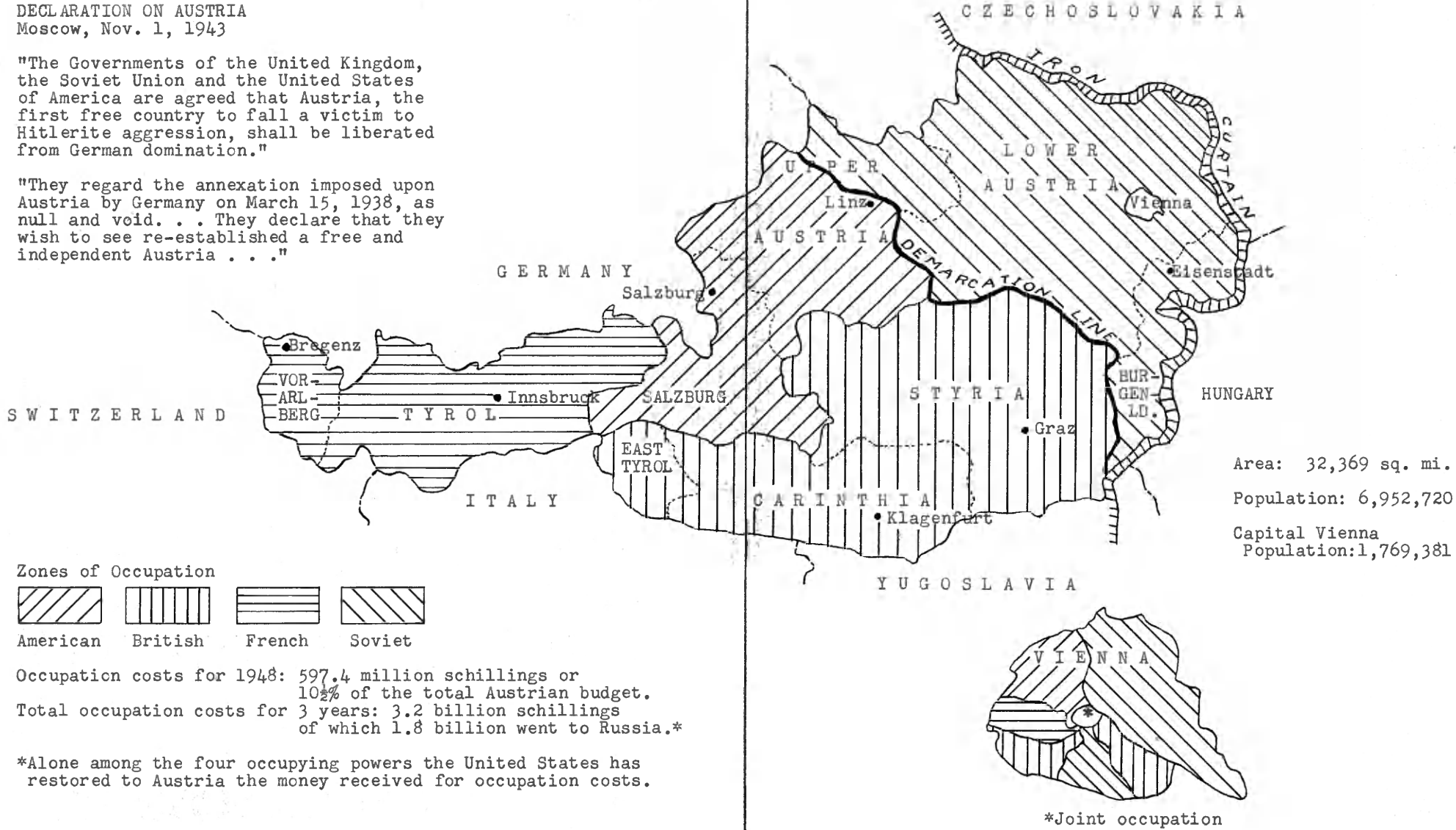
A U S T R I A

Divided Into Four Zones

DECLARATION ON AUSTRIA  
Moscow, Nov. 1, 1943

"The Governments of the United Kingdom, the Soviet Union and the United States of America are agreed that Austria, the first free country to fall a victim to Hitlerite aggression, shall be liberated from German domination."

"They regard the annexation imposed upon Austria by Germany on March 15, 1938, as null and void. . . They declare that they wish to see re-established a free and independent Austria . . ."



Area: 32,369 sq. mi.  
Population: 6,952,720  
Capital Vienna  
Population: 1,769,381

Zones of Occupation



American British French Soviet

Occupation costs for 1948: 597.4 million schillings or 10½% of the total Austrian budget.  
Total occupation costs for 3 years: 3.2 billion schillings of which 1.8 billion went to Russia.\*

\*Alone among the four occupying powers the United States has restored to Austria the money received for occupation costs.

Source: Information Department of the Austrian Consulate General in New York (1948).



## Social Legislation in Austria

Following 1945

Collective Bargaining Agreements. To prevent difficulties and confusion the 1938 wage-fixing decrees<sup>1</sup> were retained until 1947 when the new collective bargaining law was issued. In the transition period the Central Wage Commission<sup>2</sup> was instituted. This Commission was composed of the Minister of Social Administration and representatives of both labor and management. Its responsibility was to decide upon essential corrections of the wage structure, since many wartime wage-fixing decrees were completely out of date by 1946.<sup>3</sup>

The Collective Bargaining Contract Law was passed by the National Council, February 26, 1947 and was announced May 6 in the "Bundesgesetzblatt" and put into effect August 6, 1947.<sup>4</sup> This law was based upon the KVG 1920.<sup>5</sup> Dr.

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<sup>1</sup>Supra, p. 18.

<sup>2</sup>Dr. Gustav Hoffmann, op. cit., p. 19

<sup>3</sup>For detailed information about this Central Wage Commission see: Manzsche Einzelausgaben Sozialrechtlicher Gesetze, (Manzsche Verlagsbuchhandlung, Vienna: 1948).

<sup>4</sup>Franz Borkowetz, Das Kollektivvertragsgesetz, Schriftenreihe des Oesterreichischen Gewerkschaftsbundes, Nummer 7. (Vienna, Verlag des Oesterreichischen Gewerkschaftsbundes, 1947).

<sup>5</sup>Supra. p. 19.

Hoffmann, Secretary of the Ministry of Social Administration, made the following statement:

"The Collective Bargaining Contract Law of 1947 is properly called the foundation of modern Austrian workmen's rights, which is to be effectively applied wherever regulations of wages and working conditions are needed."<sup>6</sup>

The Act entitled the following bodies to conclude collective bargaining agreements: the appropriate statutory bodies representing the interests of employers (Chamber of Commerce), Worker's Chamber<sup>7</sup>, and other associations of workers or employers with nonobligatory membership requirements, who also have large range of power and economic importance.<sup>8</sup> The question whether or not an organization has the right to close collective bargaining contracts is determined by the Chief Bureau of Conciliation. The statutory bodies function in setting up collective bargaining contracts until voluntary associations take their place. At this time the contracts of the statutory bodies expire.<sup>9</sup> Since the enactment of the collective bargaining law of 1947 all workers union or non-union members in an industry were covered by a collective bargaining contract.<sup>10</sup>

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<sup>6</sup>Dr. Gustav Hoffmann, op. cit., p. 21

<sup>7</sup>Supra, p. 14.

<sup>8</sup>Dr. Viktor Pigler, Aus dem Geltenden Arbeitsrecht, Schriftenreihe des Oesterreichischen Gewerkschaftsbundes, Nummer 16 (Wien: Verlag des Oesterreichischen Gewerkschaftsbundes, 1950) p. 21

<sup>9</sup>Kollektivvertragsgesetz (Wien 1947) para. 4.

<sup>10</sup>Ibid, para. 10.

The author thinks that this is one of the most important provisions of the new law, as unequal treatment of workers in the same plant can only create friction and dispute. The 1947 law further provides that a collective bargaining contract after being in effect for a period of one year can be annulled after a three-month notice.<sup>11</sup>

Upon application by one of the parties to a collective agreement the Conciliation Board may declare by a resolution that the provisions of a collective bargaining contract are obligatory for all firms within the industry whether or not members of the parties which have concluded the collective agreement.<sup>12</sup>

According to the 1947 law working orders are to be set up in every business or factory employing more than twenty workers. These orders, which have to be agreed upon by the shop steward and employer, regulate employment conditions for women and workers under the age of eighteen, days and hours of work, rest time, pay day, disciplinary procedure following failure to obey working orders, time of notice and all circumstances under which a worker can be dismissed.<sup>13</sup>

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<sup>11</sup>Ibid., para. 12.

<sup>12</sup>"Trade Union News Bulletin from Austria" No. 7, (Vienna, 1950) op. cit., p. 3.

<sup>13</sup>Ibid., para 21.

These orders exclude agriculture and forestry, railroad, ship and transport (air), government, municipal and other offices of public administration except post and telegraph.<sup>14</sup>

In the third part of the 1947 law we find regulations concerning the reinstatement of Conciliation Boards.<sup>15</sup> Their function is primarily mediation although arbitrary rights are given them in disputes over the working directions, shop steward elections, regulation of piece wages, transferring of workers, firing, etc.<sup>16</sup> The Conciliation Board is composed of a president, one or several president's representatives and equal numbers of workers and employers of different industries.<sup>17</sup> The President is elected until recalled by the Minister of Justice in accordance with the Minister of Social Administration, Chamber of Commerce and Chamber of Workers;<sup>18</sup> while the other members are elected for a five-year term. These Conciliation Boards act and decide in meetings which are called in for the individual cases.<sup>19</sup>

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<sup>14</sup>Kollektivvertragsgesetz (Wien:1947) para. 21.

<sup>15</sup>Dr. Viktor Pigler, op. cit., p. 30

<sup>16</sup>Franz Borkowetz, op. cit., p. 54.

<sup>17</sup>Kollektivvertragsgesetz (Wien:1947) para. 29

<sup>18</sup>Arbeiterkammergesetz (law concerning reconstruction of Chambers for Workers and employees) (Wien: Staatsgesetzblatt, July 20, 1945) Nummer 95.

<sup>19</sup>Kollektivvertragsgesetz, (Wien, 1947) para. 31.

Furthermore a Chief Bureau of Conciliation was founded<sup>20</sup> to decide whether or not a group or organization is allowed to work out collective bargaining contracts, to interpret existing collective bargaining contracts in cases of dispute, to examine complaints concerning unfair settlement by the Conciliation Board and to supervise the Conciliation Boards activities.

Working Hours Regulations. Since the end of the Second World War, hours of work in Austria have been regulated by laws and decrees which are remnants of the Nazi period. Labor seriously wanted to abandon this "imported" legislation, introduced under wartime conditions.<sup>21</sup> As late as 1948 new regulations of hours of work for juvenile workers and workers in agriculture and forestry were passed, containing provisions for overtime work and rest periods.<sup>22</sup> For all other workers there exists at the present no comprehensive general legislation. Only a few laws, concerning mine workers and car drivers, taxi drivers and truck drivers, contain regulations of working hours. On the other hand many collective agreements contain provisions for hours of work. This means that workers in Austria have a great many regulations of working hours, but they are not uniform.

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<sup>21</sup>"Trade Union News Bulletin from Austria", (Vienna, 1951) No. 16/17. op. cit., p. 4.

<sup>22</sup>Dr. Viktor Pigler, op. cit., p. 127 and p. 186.

After having negotiated for years, the Austrian Minister of Labor finally drafted a bill called "arbeitszeitgesetz" (working hours act). Later it was opposed by the employer's organization in Austria.<sup>23</sup> The bill covers all workers above the age of 18, but excluded workers in agriculture and forestry, public employees, and special groups such as bakers, domestic servants, car drivers, teachers, medical and pharmaceutical personnel which are covered by special legislation. Descriptive of the provisions of the bill is the following:

"The bill provides for a working period of eight hours daily or 48 hours a week. By collective agreements the weekly working period may be distributed according to the needs and wishes of the employer and workers but 48 hours a week must not be exceeded. The daily hours of work must not exceed ten hours. . . In works with continuous operation the working hours may be regulated in a way that within a period of three weeks the working time does not exceed 168 hours. . . For work exceeding the hours stipulated in the act an additional payment of 50 per cent of the normal wages is provided. For workers on piecework the average of the last four weeks is considered as normal wages. The Act also provides for rest periods. After six hours of work at the most, a rest period of at least 30 minutes has to be inserted. This can be changed to two rest periods of 15 minutes each. . . A section of the Act contains provisions for female workers. In general it says that in enterprises or department of enterprises where female workers are in the majority the normal hours of work are 44 a week. On Saturdays female workers may be employed only until 2 o'clock p.m., except in the enterprises of transportation, hotels, and restaurants, hairdressing, theaters, pharmacies, etc. The daily hours of work for female workers may

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<sup>23</sup>"Trade Union News Bulletin from Austria" No. 16/17 (Vienna, 1951) op. cit., p. 4.

not exceed nine hours . . . The Act then summarizes in detail the kind of work in which female workers may not be employed."<sup>24</sup>

"Since a considerable number of these provisions are already included in many of the present collective agreements, the resistance of the employer organization cannot be understood by the majority of the Austrian workers."<sup>25</sup>

There was quite a debate going on in Austria about the resistance of the employer's organization. The author herself was present at a meeting of the employer's organization in Vienna when the Draft Bill for the New Austrian Act on Hours of Work was discussed and the acceptance of the latter by the majority of the Austrian businessmen refused. The main reason for the general opposition, the author recalls was the following provision of the Bill: ". . . in enterprises or departments of enterprises where female workers are in the majority the normal hours of work are 44 a week. . ."<sup>26</sup> This means that if there are 105 female workers and 95 male workers employed in a factory, the normal hours of work for all workers would be 44 per week. Since the average work week of most of our business enterprises ranges from 48 to 52 hours a week, overtime would have to be paid for every hour above the 44. This naturally would increase the wage costs considerably.

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<sup>24</sup>Ibid., p. 5.

<sup>25</sup>Ibid., No. 18/19, p. 2.

<sup>26</sup>Supra., p. 43.

From talks with male workers the author did not find full agreement with the special provision of the Act. A minority of these workers was afraid that businessmen would reduce the weekly employment hours to 44 and wages accordingly.

Old Age and Disability Insurance for Workers in Austria. All Austrian wage earners pay contributions to the Old Age and Disability Fund which provides pensions at the age of 65 for men and 60 for women. Benefits are paid to those, who, because of accident or occupational or other diseases, are unable to work. The contributions are deducted by the employer from wages and paid together with sickness insurance contributions to the sickness insurance fund which transfers the corresponding part of the Old Age and Disability Fund.<sup>27</sup> Exempted from these provisions are (a) office workers who contribute to a special employee's insurance fund; (b) public employees of the national, regional and local governments, the nationalized railroads and postal and telegraph services who draw old age pensions from their employing organizations. The old age and disability contribution amounts to 2.8 per cent of a worker's wage. The same

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<sup>27</sup>Dr. Ernst Pakue and Richard Janda, Die Allgemeine Unfallversicherung (Wien: Schriftenreihe des Oesterreichischen Gewerkschaftsbundes, 1950) p. 26.



amount is paid by the employer. The Old Age and Disability Insurance provides threefold benefits:

- (a) Pensions: To draw a pension workers must have paid at least 260 weekly contributions. (5 years)
- (b) Return of Payments: An insured woman worker is, in case of marriage, entitled to demand return of payments (contributions). On application her contribution paid between Jan. 1, 1924 and the week of the demand are turned over to her.
- (c) Medical Care: The Old Age and Disability Fund may provide medical care if an insured person is threatened by permanent disability which can be avoided by giving additional medical care.<sup>28</sup>

Furthermore, an insured person is entitled to draw disability benefits in case of permanent disability, or in case the inability to work lasts longer than 26 weeks, after which time the benefits of sickness insurance expire. After the worker's ability to work is restored, disability benefits cease. A person is considered disabled if his working ability is reduced by two-thirds.

Vacation Pay in Austria. Every wage earner in Austria is entitled by law to a paid vacation of at least 12 days a year. For salaried employees this right is provided for in the Employees Act (Angestelltengesetz). It provides that every employee is entitled to an uninterrupted paid holiday period of one of the following benefits regard-

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<sup>28</sup>"Trade Union News Bulletin from Austria" (Vienna 1950), No. 8, op. cit., p. 3.

less of the number of employers he had:

12 working days a year if employed less than five years;

18 working days a year if employed between five and ten years;

24 working days a year if employed from ten to 25 years;

30 working days a year after employment of 25 years or more.<sup>29</sup>

Paid vacations of manual workers is provided in the Workers Vacation Act (Arbeiter-Urlaubsgesetz) of July 25, 1946. The Act provides for an uninterrupted paid holiday period in every year of service as follows:

12 working days a year if employed less than five years;

18 working days a year if employed five to 15 years;

24 working days a year if employed 15 years or more.<sup>30</sup>

Days of sickness may not be deducted from the vacation period. During the first year of employment, the worker becomes eligible to his first vacation period only after nine months of employment. Holiday schedules must be fixed by agreement between workers and employers with consideration given to the necessities of production and the recreational possibilities for the workers.<sup>31</sup> During the holidays

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<sup>29</sup>"Das Angestelltengesetz" (Wien: Schriftenreihe des Oesterreichischen Gewerkschaftsbundes, 1950) para. 7.

<sup>30</sup>"Arbeiter-Urlaubsgesetz" (Wien: Schriftenreihe des Oesterreichischen Gewerkschaftsbundes, 1947) para. 3.

<sup>31</sup>Ibid., para. 4.

workers draw their normal wages. If working on a piecework basis, the weekly average for the last 13 weeks is considered normal wages. Holiday pay is to be paid in advance.<sup>32</sup> If a worker leaves employment during the work year without having taken his holiday period, he receives compensation in proportion to the number of weeks already worked during the work year.<sup>33</sup>

Private employment contracts or collective bargaining agreements may not provide conditions less favorable than the provisions of the law.

#### The Economic Situation in Austria after World War II

In the spring of 1946 the rations for the "average consumer" (Normalverbraucher)<sup>1</sup> had been reduced to 700 calories a day, which resulted in local strikes throughout the country. Stricter enforcement of regulations concerning production and distribution of crops plus foreign aid permitted a daily ration of 1,200 calories in July, 1946 and 1,550 calories by November, 1946.<sup>2</sup> In fact, the A.F.T.U.

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<sup>32</sup>Ibid., para. 6.

<sup>33</sup>Ibid., para. 1.

<sup>31</sup>"Normalverbraucher" were all adults except "Schwerarbeiter" (heavy workers, employed in industry and mining). Children depending on their age, got more milk, butter and eggs, but less meat and starches.

<sup>2</sup>Fehlinger and Klenner, op. cit., p. 196.

contributed in obtaining higher food rations throughout the country, putting extensive pressure on the government that something had to be done. Having lived there throughout all these years the author can state that the food situation during these years was desperate. The threat of strikes and reduction in production forced action to better the plight of the Austrian people.

In the spring of 1947 another very critical situation developed: the electric power crisis. This further reduced industrial output. The power crisis was due to the lack of coal and to the drought that Austria faced in this year.<sup>3</sup> Relief from this crisis came from the United States in the form of a coal credit, which gave Austria an opportunity to import coal from America as well as dollars to buy coal from Poland.<sup>4</sup>

The situation in these post-war years was quite different from that which prevails now. The higher standard of living according to the Union<sup>5</sup> in the post-war years was to be attained by an increase in supply of goods rather than a wage increase. The President of the A.F.T.U., Nationalrat Johann Boehm, refers to this situation saying:

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<sup>3</sup>" . . . generation of electric current in Austria has in addition to providing services to industry and individual consumers another most important one: electricity is a significant factor in Austrian export." Berichte der Gewerkschaft der Angestellten in der Privatwirtschaft (Vienna: Vorwaerts, 1950) p. 6.

<sup>4</sup>Fehlinger and Klenner, op. cit., p. 198.

<sup>5</sup>Ibid., p. 204.

"The general and external misery which superimposed itself at all instances during the post-war years is not to be seen any more. People now appear to be well fed and well clothed; above all our shops are filled again with all kinds of good which you can buy if you have the money for it. But I know that we have many in our country for which those goods though exposed to their eyes, are not attainable even if badly needed, because their financial means do not allow them to buy these goods. . . ."<sup>6</sup>

After the liberation of Austria an effort was made to maintain the existing price regulations. These efforts were unsuccessful. Prices steadily increased and wages fell farther and farther behind. This forced the Unions to demand adequate wage increases.<sup>7</sup> The A. F. T. U. proposed to set wages by a new law or to institute a wage board which would decide each case individually. The second proposal was accepted by the Austrian government and agreed to by the Allied Forces.<sup>8</sup> On January 28, 1946, a central wage commission was set up. By the end of the same year 1,660 applications for wage increases were presented to the Commission and with the exception of 116 were granted. From April, 1945, to December, 1946, wages of unskilled workers were increased 98 per cent, while wages of skilled laborers were increased by 51.1 per cent.<sup>9</sup>

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<sup>6</sup>Wirtschaftliche Probleme Oesterreichs, Referat by Nationalrat J. Boehm, held at the occasion of the second congress of the Metal Workers and Miners Union, on June 1, 1951.

<sup>7</sup>Berichte der Gewerkschaft der Angestellten in der Privatwirtschaft, op. cit., p. 236.

<sup>8</sup>In Austria actions of this kind must meet the approval of the Allied Forces. (U. S., Russia, United Kingdom and France.)

<sup>9</sup>Fehlinger and Klenner, op. cit., p. 183.

In July, 1947, costs of living increased 33 per cent,<sup>10</sup> due largely to a general increase in prices of agricultural products. This increase in the cost of living led to the first general Wage and Price Agreement after the war.<sup>11</sup> This Agreement provided for a 49 per cent increase in wages and 36 per cent increase in salaries.

In addition new price regulations for agricultural products and retail prices and increases in tariffs<sup>12</sup> were provided in the same agreement. The Union agreed not to make further demands unless costs of living increased more than ten per cent above the level of July, 1947. Their fear of a more rapid price increase was justified. Two months after the agreement, prices had surpassed wages by 16.2 per cent. Although the Unions would have preferred to ask for higher wages, they withheld their demand and asked for stricter management and distribution of consumption goods, more rigid enforcement of fixed market prices for agricultural products, stricter price control in general, more severe punishment of illegal pricing and blackmarketing, and as a main point, a complete reform of the currency system.<sup>13</sup>

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<sup>10</sup>Berichte der Gewerkschaft der Angestellten, op. cit. p. 227

<sup>11</sup>First general Wage and Price Agreement was concluded July 25, 1947.

<sup>12</sup>By increase in tariffs is meant increase in the scale of charge for railways, busses and streetcars.

<sup>13</sup>Fehlinger and Klenner, op. cit., p. 184.

In working out the currency reform resistance of many businessmen and rich townspeople had to be overcome. These people still believed in an increase of production to the level at which "volume of goods will group into the volume of money." Others speculated with the possibility of inflation by investing their money in goods or foreign currency. An inflation would have relieved these people of their debts while putting the average citizen in a desperate situation. The currency reform put into effect demanded sacrifices from everybody, though less sacrifices than an inflation would have demanded. Money in circulation was reduced from 12.4 thousand millions to 7.7 thousand millions schillings,<sup>14</sup> or 45 per cent.

In 1948 and 1949 price controls were lifted on meat, eggs, textiles, household goods and certain services while at the same time price controls were retained on bread, flour, bread grain, sugar, margarine, milk and the tariffs for the mail services, for gas, electricity and railroad and streetcar fares. As a consequence the prices released from control rose extraordinarily, which will be demonstrated in the following table:

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<sup>14</sup>Austrian Schillings (official exchange is about 26 Austrian schillings for one American dollar.)

TABLE 4

LACK OF UNIFORMITY IN PRICE INCREASES  
(September 1949)  
(1938=100)

Flour	438	Potatoes	635
Bread	381	Eggs	727
Milk	311	Pork	588
Gas	249	Sausage	643
Streetcar fares	286	Clothing	1073
Passenger rail- road fares	195	Household goods	697
		Postage	250

Source: "Trade Union News Bulletin from Austria" op. cit., No. 20/21 p. 4. While transportation services, gas and postage have increased from one to two times (since 1938) milk, flour and bread have increased from two to three times, meats from five to six times, eggs have increased six times. The cost of clothing has increased the most, with nearly ten times since 1938.

An increase in the food supply in 1949 and 1950 caused the discontinuance of rationing milk, cheese, vegetables and fruit. The major parts of Austrian imports still depend upon the aid received from the European Recovery Program (ERP).

TABLE 5

THE ERP IMPORTS COMPARED WITH THE TOTAL AUSTRIAN IMPORTS FOR DECEMBER	<u>Total imports</u> (tons)	<u>Imports with the aid of E.R.P.</u>
	515,000	515,000 <sup>e</sup>
	(tons)	aid of E.R.P.
Corn	515,000	515,000
Oil and grease	87,200	67,200
Sugar	116,600	52,600
Meat	23,100	6,200

Source: Bundespressdienst, Oesterreichisches Jahrbuch 1950, zwanzigste Folge. (Wien, Oesterreichische Staatsdruckerei: 1951), p. 92.



As shown in Table 5 the ERP accounted for a large percentage of the total imports for December, 1950. The ERP accounted for all the corn, 7/8 of oil and grease, more than half of the sugar and more than 1/9 of the meat.

By the end of 1950 prices began to move upward more rapidly than ever. This new increase in prices introduced the fifth Wage and Price Agreement since 1945.<sup>15</sup> The following are the reasons for this most recent Wage and Price Agreement: the necessity of reducing import subsidies, the necessity of adjusting the structure of agricultural prices,<sup>16</sup> and the size of federal and other public deficits.<sup>17</sup> Another important factor which stimulated this agreement was labor's demand for wage increase to equal the rise in prices.<sup>18</sup> The proposed agreement was discussed for months. On July 14,

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<sup>15</sup>First Wage and Price Agreement. Supra, p. 51. Subsequent Wage and Price Agreements took the form of collective bargaining contracts between the Union and the Federal Chamber of Commerce, for detailed information about these other Wage and Price Agreements, see: Berichte der Angestellten in der Privatwirtschaft, op. cit., pp. 136-146.

<sup>16</sup>In particular the relation between the prices of breadgrain and meat. This was accomplished by raising the grain prices so as to stimulate the production of breadgrain and to render unprofitable the feeding of grain to livestock.

<sup>17</sup>These deficits were caused by the fact that utility rates have lagged behind the overall price development.

<sup>18</sup>Central Bureau for ERP Affairs, presented by the Federal Chancellory, Austria and the European Recovery Program, (Vienna, published by the Austrian Government, June, 1951) Issue 13, p. 60.

the representatives of the executive committees of the 16 unions held a conference at which time a resolution favoring the adoption of the Fifth Wage and Price Agreement was passed by a vote of 137 to 3.<sup>19</sup> The prices of a number of agricultural products, public utility rates, wages, salaries and pensions of manual and white collar workers were increased.<sup>20</sup> Some amendments to existing tax regulations mitigated the effects which the steeply rising wages had on the income tax progression.

#### Unemployment in Austria

During 1945 and 1946 jobs in Austria were plentiful; since the end of 1946 the number of available jobs has decreased considerably.<sup>1</sup> At present Austria faces serious unemployment. The situation for the white collar workers is especially severe. It is very interesting to examine the facts which have caused an increase in the number of white collar workers seeking employment.

Under the Nazi Regime the proportion of white collar workers was 28 per cent of the total labor force compared to

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<sup>19</sup>"Trade Union News Bulletin from Austria" op. cit. No. 22, p. 10. The Communist delegates declared themselves opposed to the agreement.

<sup>20</sup>Ibid. This Wage and Price Agreement brought full net wage compensation for the increased prices.

<sup>1</sup>Fehlinger and Klenner, op. cit., p. 199.

19.7 in 1937.<sup>2</sup> Reduction in the number of government agencies in the post-war years caused an oversupply of white collar workers in the labor market.

Since many women were forced to accept employment during War I and War II they refused to retain their jobs at the close of the war when compulsion no longer existed. At present these women are seeking employment because merchandise which was not available for a decade is again found on the market. Even though this merchandise is greatly desired and in some cases a necessity, the husband's salary is, in most cases, insufficient.

The technical schools of Austria (Fachschulen) provide a short cut to the acquiring of a technical skill and thereby produced an oversupply of specialists. These schools require only one to two years training in a specialized field such as bookkeeping, statistics or mechanical drawing.

Thousands of veterans enrolled in the technical schools, not wishing to waste time in a long training period; enrolled in the technical school were youngsters unable to obtain an apprenticeship; Nationalists laid off in 1945 took advantage of this study.<sup>3</sup> The graduates from

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<sup>2</sup>Franz Nemschak, Die Oesterreichische Volkswirtschaft, (Wien, Schriftenreihe des Oesterreichischen Gewerkschaftsbundes, 1948) Issue 9, p. 47.

<sup>3</sup>In the denazification process Nazi Party members in non-responsible positions were able to apply and receive jobs again.

these schools are now looking for positions with government or private business.<sup>4</sup>

Displaced persons were and are a labor problem. Though sympathy may be extended to them, labor unions have found it necessary to prevent competition from this source. Since the displaced persons are willing to work for a very low pay, they are undercutting the wage scale.<sup>5</sup>

#### Productivity in Austria

Productive capacity had been reduced by 40 per cent from 1937 to 1947.<sup>6</sup> The President of the A.F.T.U. stated in June, 1950, on the occasion of the Second Congress of the Metal and Mine Workers Union, that low productivity still prevailed in Austria.

"Our total productivity has now reached the height of 130 per cent with 1937 as the base year. One might therefore think we have progressed since 1937, yet before any such conclusion is reached I must add that this progress has been arrived at by the employment of 1,800,000 people, while in 1937 the output was produced by only 1,200,000 workers. If these numbers are examined more closely one will conclude that the individual worker today still produces far less than in 1937. In fact our productivity is 15 per cent lower than in 1937 . . ."<sup>7</sup>

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<sup>4</sup>Berichte der Angestellten in der Privatwirtschaft, op. cit., p. 149.

<sup>5</sup>Ibid., p. 151.

<sup>6</sup>Fehlinger and Klenner, op. cit. p. 14.

<sup>7</sup>Pressereferat des Oesterreichischen Gewerkschaftsbundes, Wirtschaftliche Probleme Oesterreichs, (Wien, Erwin Metten Nachf., 1950) p. 8.

President Boehm continued that due to the Marshall Aid Program it was possible to bring productivity to the present level. He points out the high productivity is essential to meet success in dealing with foreign competition as well as the unemployment crisis.

Of the many viewpoints presented in the debate following the President's speech, only two are presented here. Mr. Gruenwald stated that:

" . . . It is, of course, essential to talk about the necessity of an increase in productivity . . . but what does an increase in productivity mean in a capitalistic economy? Under the present conditions an increase in productivity would mean further increase in the number of unemployed. Why is this so? Only because the workers do not have economic and political leadership. . . When Mr. Boehm mentions that economic development in this country would not have been achieved without the Marshall Plan Aid, we should ask the critical question: who are the actual beneficiaries? Are they perhaps the workers? Has the capitalist economy not rather been consolidated and the influence of the workers diminished? . . . The thing to be done in order to clarify the situation is to oppose those who have gained in the past and exploited the "social product" and who will further exploit workingmen regardless of their standard of living."<sup>8</sup>

Mr. Gruenwald's viewpoint represents the thinking of only a minority of labor leaders in Austria. The viewpoint of the majority is represented by Mr. Suess who is contradicting Mr. Gruenwald's opinion of the Marshall plan aid stating:

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<sup>8</sup>Ibid., p. 20.

"Gentlemen, remind yourselves for a moment of the time here in Austria before Marshall Plan Aid was effective. Without this aid we would be in a different situation today. Many of you would not be present at this meeting, in order to confer with those absentees, I would have to go to the Central Cemetary."<sup>9</sup>

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<sup>9</sup>Ibid., p. 28.

## CHAPTER III

### CONCLUDING STATEMENTS

#### Summary

A concerted movement of a labor union type in Austria was observed first in the craft guilds. This concerted movement had its limitations since the workers were not in sufficient contact with each other. However, a stronger movement was introduced with the advent of the Industrial Revolution. This same Industrial Revolution had transformed craftsmen who were their own bosses into hired hands subject to the orders of managers. At first workers opposed bitterly. They hated all these new machines, which forced them into big factories, but gradually they realized that the same machines eased their hard work without necessarily taking away their jobs. In their association with other workers they learned that their only hope of a better standard of living was to be reached through cooperation and unification with other workers. First they found that the employer suppressed any attempt of the working class to unite and bargain collectively.

The Coalition Law of 1870 though being a step forward in the Austrian Labor legislation prevented unification on a large scale. Before this law was effective any attempt at

collective bargaining could be and was enjoined at the instance of the employer. From 1870 on, collective bargaining and the consumation of agreements between employers and employees was no more unlawful but it was left up to both sides, employer and employees, to fulfill the agreement. In other words these agreements under the law of 1870 were not enforceable by the courts.

The fight for effective collective bargaining was hard and bitter. Even when in 1920 effective bargaining power was given to the workers this power was lost several times subsequently only to be regained fully in the post-World War II period. The right of collective bargaining was partly lost during the Dolfuss-Schuschnigg era (1934-1938). During this period all unions existing prior to 1934 such as the Free Unions, the Christian Socialist Unions and the German National Unions were declared illegal. A so-called "Einheitsgewerkschaft" (United Unions) was instituted and supported by the new government, but the workers in Austria looked upon this organization with distrust. These years from 1934 to 1938 witnessed the transition from democracy to autocracy.

Labor progress, severely retarded during this era, was dealt another blow by the realization of the Anschluss and the consequent autocratic rule imposed on Austria by Hitler Germany. All associations, political as well as



economical, were swept away, leaving the Nazi party in supreme control. All existing labor legislation was abrogated and new rules and regulations set up for the newly instituted "German Workmen's Front". This organization combined representatives of employers and workers but subjected both to party control. Disputes over wages, hours, and other working conditions were no longer settled by private negotiations but were subjected to party control and regulation. During this period the Austrian worker lost all his freedom. In fact, this Workmans' Front had nothing in common with the unions developed from the brotherhoods and guilds, which represented organizations of the working men built upon the principles of freedom. Therefore, the majority of the workers were opposed to this coercive organization, and when in 1945 autocracy was replaced by freedom the German Workmens Union was abolished and soon forgotten.

As late as April, 1945, labor officials who had survived the Nazi period of illegality assembled to restore free unions. They decided that the three political parties, the Social Democratic Party, the Peoples' Party, and the Communist Party should be represented in the new organization to be known as the Austrian Federation of Trade Unions. This meant in effect that the trade union movement in Austria had become for the first time politically independent. Prior to 1934 the two major unions were affiliated

with different political parties. Free Unions were affiliated with the Social Democratic Party, the Christian Unions with the Christian Democratic Party.

Since 1945 the Austrian economy turned from compulsory war and defense production to the task of transforming the country from dictatorship to democracy. To an amazing degree worker, employer and the government returned to the status quo ante. The unions, the employers associations, the contracts and the laws are very much as they were before Hitler.

After the final liberation in 1945 immediate recovery and freedom were believed to be near. Today, Austria is still far from it. In spite of the fact that the Moscow Declaration (1943) proclaimed that "Austria, the first free country to fall a victim to Hitlerite aggression, should be liberated and restored to its former free and independent status. . ."<sup>1</sup> it is still occupied after more than seven years.

Russian, British and French occupation costs amount to six to eight per cent of the annual Austrian budget.<sup>2</sup> Furthermore, decisions concerning legislation, administration or international trade must meet the approval of the four

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<sup>1</sup> loc. cit., p. 37.

<sup>2</sup> Information Department of the Austrian Consulate General (May 1952).

occupation powers. The tension created by this situation is increased by the fear and insecurity in which the Austrian people live.

Today only a few years after the last war, everyone fears another invasion, air raids, misery, hunger and the atrocities of another war. From Stettin to Trieste--the heart of Europe is bisected by the Demarcation line, separating the East from the West.<sup>3</sup>

According to a report of the Committee on Foreign Affairs of the United States, of February 1951, 200 divisions of the U.S.S.R. and its satellites are established east of the Demarcation line compared with seven on the western side.

The dead of the last dreadful war were not buried when people began to talk about another war. Wendell Willkie, former candidate for the American Presidency, impressed on peoples' mind the concept of the undivided world.<sup>4</sup> This great historical concept has not been understood by the people of our time. The one, inseparable world is split into two blocs, opposing, divergent. This is a danger for the whole world, but especially for Europe. In the event these two blocs collide, Europe will be crushed. Therefore,

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<sup>3</sup>Supra p. 37.

<sup>4</sup>Karl Czernetz, Kommt der Dritte Weltkrieg? (Wien: Verlag der Wiener Volksbuchhandlung, 1951) p. 5.

the Austrian people are filled with unrest, and the life of everybody is dominated by fear and anxiety.

#### Comparison with the American Labor Movement

Though the Austrian labor movement seems insignificant when compared with the huge American one, it is the author's opinion that the workers' aims and wishes are somewhat similar in both countries.

The special character of any labor movement is determined by the type of social and economic society in which it functions. There will be different alignments, different weapons, different war cries, but the basic economic struggle has followed a common course in all the countries in the past, as well as in the present, and will continue to do so in the future. Generally speaking laborers are striving for an improved economic status, higher standards of living, and greater economic and political power. At times they have had a struggle for mere existence, at other times they have been more concerned with non-pecuniary gains. But always there has been an economic struggle.

In evaluating the Austrian labor movement and in comparing it with the labor movement in America the reader should furthermore keep in mind the following factors which make up the environment within which the Austrian unions function: over-population, the housing shortage, unemployment, low

wages, low purchasing power, internationally devaluated currency, occupation by four powers and the expenses and restrictions connected therewith, insufficient supply of credit, lack of resources, and of efficient modern equipment and machinery, and last, but not least, the rigid class structure which still prevails in most European countries.

Differences in the class structure. Negotiations in Austria, for instance, take place in a class society and are much more formal than those in America. Concessions are never lubricated. It would appear incongruous for the employers and the workers to drink together. They come from distinct social levels, which means that the workers have no desire to mingle with the employers. The latter fact gives the reader an idea of the extreme class-consciousness of workers in Austria. An Austrian worker would not even consider attempting to elevate himself above his fellow

Employment levels: Employment in America has been in recent years at an all time high level<sup>1</sup>, while the army of unemployed workers in Austria is steadily increasing. This widespread unemployment condition in Austria does, of course, suppress the effectiveness of the unions' collective bargaining power. This does not mean that Austrian unions do not have the full right to bargain collectively and to strike if

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<sup>1</sup>S. H. Slichter, Basic Criteria used in Wage Negotiations (Chicago Ass'n of Commerce and Industry, 1947) p. 7.

necessary, it is merely a question<sup>of</sup>/how effective their devices will be.

Differences in the Effects of Unions' Aggressiveness.

Unlike the American laboring men, the Austrian workers are once again principally engaged in providing themselves with a means of subsistence. The author wishes to emphasize that the Austrian unions are not striving for acceptance, and this fact illustrates the striking differences in attitude between the American and the Austrian employers' attitude toward unions. All citizens of Austria (and Central Europe) have gradually come to regard the existence of unions as being one of the great equalizing forces in a democracy. The author has frequently found that in America people who openly favor unionism, even though they may have no direct affiliation with it, are likely to be charged as being leftist and communists. If this is generally so, then the American attitude toward unionism could be said to be comparable to the point of view which prevailed in Austria fifty or more years ago. The disputes over union recognition which are still frequent in America are non-existent in Austria.

If the reader had or will have the chance to visit some Austrian factories he would readily recognize the problem Austria faces. Low productivity is due mainly to the

lack of mechanization and technological improvement. It is recognized that the aggressiveness of labor in the United States has encouraged greater and more efficient production. Management was forced to introduce technological improvement to avoid constantly increasing labor costs. This has, in the long run, provided the economy with better goods at lower prices. An aggressive labor movement can, therefore, be to some extent a blessing to the economy as a whole, while in Austria it would be referred to as a curse. Union pressure for higher wages may not result of an increase of efficiency and productivity. This is partly due to lack of capital to finance technological improvements, the existing reserve army of unemployed workers, and to the political situation described in the previous sections of this paper.

The worker's standard of living: The difference in the material standard of living of the American worker and the Austrian worker is indicated in the table on the following page. This table is designed to give the reader an idea of the low wages of the Austrian worker. He is required to work more than 4 hours to buy 2 pounds of pork, 1 hour 15 minutes to buy 20 cigarettes and nearly a full month's work to purchase a suit of average quality. The statistics in Table 7 represent items which indicate an over-all price-wage relationship. The particular commodities were chosen

at random. Since fall 1950 food and clothing prices in Austria experienced another considerable increase, as wages were not increased proportionately, the situation became still worse than indicated in Table 7.

TABLE 7

Selected Commodities and the Amount of  
Work required to finance the pur-  
chase of single items

<u>Commodities</u>	<u>Hours of Work</u>			
	<u>Austria</u>		<u>America</u>	
	<u>hours</u>	<u>min.</u>	<u>hours</u>	<u>min.</u>
1 Kilogramm bread-		28		13
1 " butter	5	30	1	22
1 " pork	4	30	1	00
1 " potatoes		15		6
1 " sugar	1	18		12
1 " coffee	14	00	1	28
1 Liter milk		21		7
10 eggs	2	00		17
20 cigarettes	1	15		9
1 pr. shoes	35	00	7	00
1 gentlman. suit	175	00	42	00
1 Kilogramm - 2.2 pounds				
1 Liter - 1.76 pints				

Sources: "Trade Union News Bulletin from Austria". Issue 11, August 1950. "Monthly Labor Review" November 1950. Information obtained from J. C. Penney, Co., concerning prices of shoes and clothing for fall, 1950. Information obtained from Safeway Stores, Missoula, Montana, concerning grocery prices in fall, 1950.

Rising living costs have always induced the American unions to press for increased wage scales. The logic of this policy is clear. If rising living costs are not



compensated for by raising money wages a decline in the workers' standard of living would follow. The author's opinion is that the workers of a highly industrialized and wealthy country like America would not be likely to espouse an institution which would eventually allow their standard of living to fall.

In spite of the fact that the laborers' standard of living in Austria is decreasing they are not frequently resorting to strikes because everybody knows that the latter would have a devastating effect upon the economy of a country like Austria.

Some differences in the structure: In Austria it is mandatory for all the sixteen unions to belong to the A.F.T.U. In America, while most of the unions actually do belong to one or the other of the two major federations -- American Federation of Labor (A.F.L.) and Congress of Industrial Organizations (C.I.O.) -- none of them has to belong to any federation whatsoever. These federations concern themselves primarily with matters relating to their particular member unions; the latter function independently on their own level. The present position of the A.F.L. is the result of many modifications of policy over a long period of time, while in contrast, the policy of the C.I.O. is essentially unchanged from that which it adopted at its inception.

Currently, the two federations take fairly similar stands on issues like unemployment compensation, minimum wage and maximum hour laws, protection of collective bargaining rights, and direct political action.

Unions and politics: The primary goal of the American unions for a long time was to eliminate government restraint regarding the freedom to organize, to strike, to boycott, to picket and to bargain collectively. Government policies, that were not directly influencing wages, hours of work, and working conditions were only given some, if any, attention.

Demands within the A.F.L. and later the C.I.O., for the creation of an independent labor party stemmed from two factors: first, the dissatisfaction with the performance of the two major parties; second, the belief that an exclusively labor composed and oriented party would serve their purposes more effectively. On the other hand the opposing viewpoint was expressed as follows by Sidney Hillman, P.A.C.

Chairman in 1944:

"We are not interested in establishing a third party, for a third party would only serve to divide rather than unite the forces of progress. We are not an appendage of either major political party . . . like every other organization concerned with the affairs of government, we are seeking to influence the thinking, the program, and the choice of candidates of both parties."<sup>2</sup>

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<sup>2</sup>J. B. S. Hardman and M. F. Neufeld, The House of Labor, Internal operations of American Unions, (New York: Prentice Hall, Inc., 1951) p. 106.

Twenty-four years earlier, Samuel Gompers, dissatisfied with the fact of the Chicago Federation of Labor abandoning the nonpartisan policy, warned that the new Farmer-Labor Party would hamper the success of labor in its effort to defeat its enemies and elect its friends in the elections of 1920.<sup>3</sup>

Within the C.I.O. there always existed a group favoring independent political action. Walther Reuther, for instance, expressed himself openly in favor of a labor based third party.<sup>4</sup>

In many other countries, namely in Austria, the principal objective of the labor movement has been to gain political control. Collective bargaining has been looked upon as a means of solidifying the working class for political action. Unlike Great Britain, at no time has Austria had a political party dedicated exclusively to the interests of labor, although at the present time the Social Democratic Party, which represents several factions, is favored by all the working people.<sup>5</sup>

In the area of politics the labor movement in America has been hindered to date by a number of factors, chief among which are the amount of dissension within its

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<sup>3</sup>Ibid., p. 107

<sup>4</sup>For more detailed discussion see: I. Howe and B. J. Widick, The UAW and Walter Reuther (Random House, New York: 1949) pp. 271-302.

<sup>5</sup>Prior to 1934, the unions in Austria favored various political parties. Supra. p. 22 (footnote).

ranks and the attitude of many unionists that their interests as workers are often rather incompatible with their interests as citizens, and members of the public at large. Despite these conflicting elements, it is possible that the political power wielded by the American unions will continue to grow. Nevertheless, the author ventures the opinion that their basic objectives will remain limited, regardless of the degree of political strength attained.

#### Evaluations and Solutions

Need for integration of labor policies. The author firmly believes that there is a real need for a general overhauling of the disjointed system of conflicting and overlapping laws in America. Inconsistency exists in almost every field of labor regulation, largely as a result of the lack of any real labor policy on the part of the federal government. Federal regulations on labor are frequently contradictory and are often in disagreement with the state regulations. (Railway and airline employees and employers, for example, who come under the Railway Labor Act have different rights and duties from those of their fellow employees and employers who come under the National Labor Relations Act.)

Even with regard to such basic issues as workmens' compensation, unemployment insurance and minimum wage standards the various state laws exhibit little uniformity.

Labor legislation at any particular period of time reflect majority thinking, and as the attitude of the public changes, so too do the laws which govern the economic life of the people. It can be assumed, therefore, that state and federal labor policies will continue to evolve. This will provide the opportunity for achievement of an even greater degree of uniformity in legislation at state and national levels, even though agreement may not be reached regarding the basis upon which such laws are enacted.

Attitude of the government. Rules for the establishment of cooperation between labor and management have always been a task of the government. During the past decade the government of both America and Austria have provided a new foundation of law on which management and labor can build industrial cooperation. Minimum standards have been established and rules laid down for collective bargaining over wages, hours and working conditions. Governmental policy in all its aspects--legislative, executive and judicial--has undergone a definite evolutionary pattern over the years. This has reflected, however imperfectly, the changing climate of opinion. Government policy has changed from an attitude of strong hostility to one of hostility and thence to sympathy.

Attitude of the employers. Employers, on their part, seem to be gradually accepting the fact that collective bargaining is here to stay. As one employer after another in the basic industries of the country, has signed union agreements, he has found that it is entirely practical to work with unions. The conception still prevails in quarters that all unions are rackets. But labor leaders are like employers: some are honest and intelligent, some are not. The fact remains that unions have become an important and powerful ingredient in the American and Austrian scene.

The importance of union drives and matters. The mistake has been made by management in the past of relegating labor matters to a secondary place in the consideration. In this connection a leading American executive has stated:

" . . . Had we faced the facts and placed labor relations on a plane level with that of production and distribution, and had we at the same time assigned labor relations policy to an executive comparable in rank with those handling production and distribution, we would probably not have had many of the troubles from which we have suffered during recent years . . ."<sup>6</sup>

Workers turn to unions not only for assistance in solving their wage and hour problems, but also for the satisfaction of various other drives not directly associated

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<sup>6</sup>From a statement of Lincoln Filene in The Significance of Management (A preliminary pamphlet issued by the Commerce of Industry Committee of the seventh International Management Congress); quoted in H. Becker, The Determination and Administration of Industrial Relations Policies, (Princeton) Industrial Relations Section, 1939).

with monetary gains. Recognition of these drives by industry is a factor of first rank in stable labor-management relations, as Clark has put it:

" . . . the most important product of industry is what it does to the lives of the people who work in it; and for its own safety it needs to contribute to making well-balanced individuals whose social faculties are neither atrophied nor perverted."<sup>7</sup>

Satisfaction of union drives are also socially beneficial to the nation as a whole. With regard to this point of view, Mr. Slichter has said:

"Industry produces men as well as goods, and trade unions affect the type of men industry produces. Experience shows that where neither trade-unions nor some threat of trade-unions is present, workmen are likely to be abused, . . . and to be kept docile and submissive. Trade-unions have helped to reduce the scope of personal management, to make management a matter of rules instead of men, to cause rights as well as duties to be attached to jobs and due process of law to be introduced into shops where formerly the boss had been almost as unrestrained as an oriental despot."<sup>8</sup>

The question of full employment (full employment of labor): Management in America has been heard to talk about the benefits of a taste of unemployment, which according to the argument would promote the welfare of the nation as a whole. The author's opinion is that this argument is falacious--according to Clark--the fear of unemployment in

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<sup>7</sup>J. M. Clark, Alternative to Serfdom, (New York: Knopf, 1948), p. 50.

<sup>8</sup>S. H. Slichter, Op. cit., p. 290. (cited Supra, foreword.)

as much it is due to lack of work, has the effect of reducing efficiency and output, instead of increasing it.<sup>9</sup> Discharge on account of dull times, Clark states, is a different story than discharge for efficiency, the net effect of the latter is thoroughly harmful to efficiency. In order to keep their jobs men are working harder, since industry cannot market added goods if they are turned out, their efforts can add nothing. While in time when jobs are plenty, at a time when industry could market additional goods, they work as little as they dare. Thus as stated above, the fear of unemployment, so far as it is due to lack of work, has the effect of reducing output and efficiency and not increasing it.

Therefore, the author's opinion is that everybody should accept the employment level close to full employment as it prevails now in America without conditions, even not with a wish for a "dose of unemployment". This very dose might very likely have a snowballing effect, which in turn can introduce serious unemployment, which injures not only workers, but management and the economy of the nation as a whole.

How can the labor-management problem be solved. F. W. Taylor of scientific fame asserts:

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<sup>9</sup>J. M. Clark, op. cit., pp. 368-369.



"Scientific management . . . has for its very foundation the firm conviction that the true interests of the two (employer and employee) are one and the same."<sup>10</sup>

Mister R. H. Tawney views the conflict in a somewhat different light:

"The idea that industrial peace can be secured merely by the exercise of tact and forbearance is based on the idea that there is a fundamental identity of interest between the different groups engaged in it, which is occasionally interrupted by regrettable misunderstandings. Both the one idea and the other are illusions. The disputes which matter are not caused by a misunderstanding of identity of interests, but by a better understanding of diversity of interests."<sup>11</sup>

There is in fact a clash of interests between employers and employees. Of course it does not necessarily follow that all interests of the employee are diametrically opposed to the interests of employer.

Among the solutions that have been proposed is that of government ownership which, it is implied, would serve to eliminate the employer and employee conflict and thus resolve the particular manifestation of the economic struggle. The author's assumption is that it is more desirable to have free enterprise as the economic goal rather than government domination. Besides this solution to the problem there are some other indications as to how the situation will be solved. Labor's increasing interest in the degree to which

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<sup>10</sup>F. W. Taylor, Principles of Scientific Management, (New York: Harpers, 1911) p. 10.

<sup>11</sup>R. H. Tawney, The Acquisitive Society (New York: Harcourt Brace, 1920) pp. 40-41.

profits may be adjusted to provide a higher wage structure, and their concern with the rising costs of living, and with the relative position of the various industries of the country as a whole, inevitably lead them toward demanding a voice in the formation of policies by these industries. Because of this trend, management's freedom to act in its own right is becoming continually more circumscribed, and the point may be reached when labor only will direct production and output.

The author does not favor any of the above described solutions. In his opinion it is the interest of all parties to moderate both trends sufficiently to enable management to continue instituting labor-saving devices, production short cuts and other means which will serve the public at large with more and better goods at lower costs. In the author's opinion, management, labor and the economy as a whole would gain more if a modus vivendi will be worked out which accommodates the workers' requirements for economic security and at the same time permits adequate profits for management.

Organized labor, too, is beginning to learn new lessons of cooperation in a society in which, during recent years, unionism has become an important economic factor. Labor is beginning to talk less of rights and more of responsibilities.

It seems to the author that more is to be gained by the cooperation of management and labor in every possible way. Management should not suppress increases in wages if they are economically justified and moderate. If the unions go to management with trifles and no real case for the things they hope to gain, management will soon learn to turn a deaf ear to their plea. But if each plea is really justified it should not be hard to get a hearing any time.

A similar viewpoint on cooperation between labor and management is exposed in a letter from the union member George Snodgrass, a tester at the Westinghouse Switchgear Division in the East Pittsburg plant. This letter was recently printed in the "Unions Generator", the newspaper of Local 601 of the International Electrical, Radio and Machine Workers, C.I.O. Mr. Snodgrass states in this letter:

" . . . let's try to increase the company's profit rather than to drag our feet and cuss the company for making a profit by the sweat of our brows. It is our duty in all honesty to give a fair day's work for a day's pay.

The employee has a stake in the company even if he does not own a single share of stock. He has a job that represents an investment of from \$5000 upward. Someone else invested the money to make the job for him, and the amount of money the employee makes will depend on how much money he makes for the investor. It's as simple as that, if he does not produce, it is economically impossible for him to make mere money, and no amount of grievances or strikes can change it. Reform begins with self. If we do not deal fairly with the company, we cannot long expect them to deal fairly with us. . . ."

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