

International Aspects of Social Reform in the Interwar Period

Douglas Galbi¹
Common Security Forum
Center for Population and Development Studies
Harvard University
Cambridge, MA
USA

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Abstract

The reconstruction of the international order after World War I put great emphasis on social reforms through the International Labor Organization (ILO). Three types of arguments were used to promote social reform. The first asserted that international economic competition meant that social reform had to be coordinated internationally in order to maintain the relative competitiveness of countries. The second proposed that social reform was necessary to preserve the stability of states, and hence the stability of the international system. The third appealed for international action on the basis of common notions of human dignity. The idea that common concern about human dignity demanded international action became an assertion of human rights. While this understanding of human rights has helped to inform the pursuit of social justice, the history of the founding and program of the ILO in the interwar period shows that other arguments for social reform have also been historically influential.

Note: This paper is freely available from www.galbithink.org and www.ssrn.com

¹ The opinions and conclusions in this paper are those of the author c. 1993. Nothing in this paper necessarily reflects the views of the Common Security Forum, Harvard University, or the FCC. I have made this paper available on the web as a resource for persons studying the questions addressed. The abstract has been added and minor editorial changes have been made to the 1993 draft.

The reconstruction of the international order after World War I put great emphasis on social reforms. The Treaty of Paris that ended WWI included a list of general principles that reflected prewar demands for a labor charter of rights, and also set up the International Labour Organization as permanent machinery for the pursuit of social justice. This idea of social justice included the improvement of working conditions, the right to form workplace associations, the payment of a living wage, and the provisions of education and social security. Recent discussion of post-Cold War reconstruction has included little discussion of the role of social reform in the new international order. Looking back on international actions after WWI offers a view of how social reform can be linked to international security, and evidence on the effectiveness of particular arguments in generating international action.

Three types of arguments were used to promote international efforts for social reform after WWI. The first asserted that the existence of international competition meant that social reform had to be coordinated internationally in order to maintain the relative competitiveness of countries. The second proposed that social reform was necessary to preserve the stability of states, and hence the stability of the international system. The third appealed for international action on the basis of common notions of human dignity. I will examine the history of these arguments, and their relation to the program of reforms that the ILO pursued in the interwar period.

After WWII, the ILO reformulated its mission, and the third argument emerged predominant. The idea that common concern about human dignity demanded international action became an assertion of human rights. This assertion of human rights preceded the one in the United Nations Charter and the Universal Declaration of Human Rights, and it

may have in fact have made an important contribution to these latter statements. While this understanding of human rights has helped to inform the pursuit of social justice, the history of the founding and program of the ILO in the interwar period shows that other arguments for social reform have also been historically influential.

I. Social Reform and International Economic Competition

An important motivation for international action to promote social reform at the end of World War I was the recognition of the effects of international competition on labor and social conditions within countries. The Paris Peace Treaty noted: "...the failure of any nation to adopt humane conditions of labour is an obstacle in the way of other nations which desire to improve the conditions in their own countries."² The underlying idea is that international competition creates a problem of collective action.³ All countries would prefer to have better working conditions, but individual countries do not have incentives consistent with this collective preference. In particular, given that other countries have not improved working countries, a country that did improve working conditions would lose competitiveness in international markets. Thus unilateral action is undesirable.

The logic of the above argument is not particular to that time or the international context. As one proponent of factory legislation argued in early nineteenth century Britain:

...masters should stand out for prices in the market, which would enable them to give sufficient wages to those who produce the article; and this perhaps they may do if the burden were laid equally on all, and one master was not permitted to work his mill

² Treaty of Paris, Labor Section, Section I., Preamble. In Shotwell, Origins, Vol. I., p. 425.

³ For a discussion of this type of problem, see Olson, Logic.

*longer than another.*⁴

Moreover, the authors of a 1926 study on British factory legislation noted that the idea of a relationship between fair competition and common norms predated the Industrial Revolution.

*The guild prohibitions of work at night seem to have been partly due to the desire to maintain a high standard of quality in the product which might be endangered by night work, the prescription of holidays partly to religious motives, and both probably also to the idea that as the normal citizen went to church on festivals and slept at night, it was unfair that he should be injured in his business by the competition of those who infringed these orderly customs.*⁵

It is important to recognize that common norms do not necessarily have an equal impact. The technological diversity and range of labor systems that persisted in the early decades of the cotton spinning and weaving industry meant that factory legislation potentially had much different effects on different factory owners.⁶ This helped to split the ranks of factory owners over factory legislation.⁷ Moreover, the technological and organizational diversity meant that the industry could adapt by shifting composition as well as by the adaptation of individual firms. Thus common norms can also play an important role in pushing technology and the organization of work in a socially desirable direction.⁸

The impact of international competition also emerged as an issue in the early nineteenth century struggle over factory legislation. One factory owner put the matter quite simply:

We consider it beyond doubt that any measures which tend to enhance the cost of yarns to the English spinner will operate in so far against them as to open a wider

4 Edwin Rose, an engineer testifying before the Factory Commission of 1833. P.P. 1833 (xx) V.1.124.

5 Hutchins and Harrison, *Factory Legislation*, p. 2.

6 See Galbi, "Child Labor."

7 The issue was not as simple as "good" owners versus "bad" owners. Some factory owners who took an active interest in the health and conditions of the workers, such as the Ashworths, were opposed to limitations on ages of work.

8 In *Industrial Democracy*, the Webbs argued that factory legislation helped to eliminate socially and economically undesirable "parasitic industries."

*field to the continental spinner.*⁹

Such an argument could be and was extended to the argument that factory legislation would ultimately hurt the people it intended to protect, by destroying the industry on which they depended for their livelihood.¹⁰ In fact, the impact of factory legislation on competitiveness, particularly in the long term, was difficult to analyze.¹¹ Charles Hindley, an advocate of factory legislation, presented a relatively sober analysis to the Factory Commission:

*will not the English cotton spinner be ruined [by a 10-hours bill], seeing he will have the same outlay of fixed capital, higher wages to pay, and nearly one-sixth less return? -- (Hindley) He would certainly derive less interest from his fixed capital. I am of the opinion, however, that with a proper system of taxation, and free trade, the English spinner, with his advantages of mechanical improvements, concentration of everything necessary for manufacturing, and skill of the working people, would be able for many years to compete with his foreign rival, even though the latter would employ his hands for a somewhat longer period.*¹²

Hindley recognized that tax and tariff policy also affected the competitiveness of British goods. Moreover, he recognized that the competitive position of British firms did not depend merely on the level of wages: technology, industrial organization, and the skills of the workforce also mattered. If factory legislation simultaneously pushed the industry to new technology, better organization, and higher skills, then the effect of the legislation would not necessarily be negative.

Hindley has achieved a small measure of recognition in the history of factory legislation not because his balanced analysis of the effects of factory legislation was

9 Snunch, Mytius and Co., testimony to the Factory Commission of 1833, P.P. (XX) D.1.123.

10 This is a version of the perversity argument described in Albert Hirschman's book, *The Rhetoric of Reaction*.

11 Some British factory owners gathered statistics about wages in Europe in an attempt to prove that British wages were high relative to rivals' wages, while others pointed out that the higher wages of British workers reflected their higher productivity. Such static comparisons have little direct implications for the differential impact of factory legislation. See Cowell, P.P. 1834(XIX) D.1.119w.

12 Factories Inquiry Commission, Second Report of the Central Board, P.P. 1833 (XIX), D.2. pp. 48-51.

proved correct by history, but because he offered an additional suggestion:

*Should it, however, unfortunately happen that the excessive competition of foreigners should endanger our trade, unless we employed our people longer than was advisable for their own comfort and the good of society, I think it would be as proper a subject of treaty with foreign nations as the annihilation of the slave trade.*¹³

This suggestion, like Hindley's response to the question of hours limitations, presented an analytical and rational approach to a politically charged issue. The ability of arguments focusing on international competition to avoid much of the bitterness that surrounded the struggle over factory legislation may have been one reason for their importance.

In 1838 Daniel Legrand, who came from a rich and eminent Swiss family, began a sustained effort to promote international social legislation. For twenty years he argued for international social legislation on a variety of grounds.¹⁴ With respect to the argument about international competition, Legrand was quite forceful:

*An INTERNATIONAL LABOUR LAW IS THE ONLY POSSIBLE SOLUTION to the great social problem of granting moral and material well-being to the working class without working a hardship upon the manufacturers or upsetting the competitive balance between the industries of these countries... An international factory law has an immense advantage over national laws. it can afford moral and material benefits to the working class without prejudice to the manufacturers and with the least shock to international competition.*¹⁵

Legrand's efforts to bring about international labor law were concentrated on persuading government officials of the merits of such action. One of his tactics was to encourage the wider ratification of restrictive national laws. In 1840 he appealed for the Prussian Labour Act of 1839 to be extended throughout Germany and Switzerland. Later he pressured the French to keep up with the British after the British passed the Ten Hours Act. The problem with this tactic is that it comes up against exactly the problem of individual

13 Ibid.

14 See Follows, Antecedents, Chapter 3 and Appendix II. In ensuing sections I will discuss the other arguments that Legrand used.

15 Follows, Antecedents, p. 38.

incentives that coordinated action was meant to overcome.

The efforts of Legrand and others throughout the nineteenth century meant that the argument about the relationship between international competition and social reform was well-known to the drafters of the post-WWI peace settlement. This peace settlement was recognized as an opportunity to take collective action on labor legislation. The British presented a detailed proposal to create a permanent organization that would meet yearly to pass international conventions. States would be required to submit to national legislatures conventions that the international conference approved. Thus the British proposal amounted to giving a international body agenda-setting powers in national legislatures. In the final text this is in fact the power that the International Labour Organization (ILO) received, with the exception that for federal states, conventions could be treated as recommendations that did not carry the requirement of legislative consideration.

Other delegates, however, were ready to give the ILO actual legislative power. An Italian delegate noted "in all countries it was felt more and more strongly, both by workpeople and employers, that their needs were better understood and better served by industrial bodies than political assemblies." The delegate proposed that all members of the ILO "shall be obliged to carry out within one year Conventions approved by a two-thirds majority of the Conference."¹⁶ Governments would be given the right to appeal to the Executive Council of the League of Nations, which would decide whether to refer the Convention back to the Conference. A Belgian delegate protested, arguing:

*The system outlined by the Italian Delegation amounted to the creation of a super-Parliament. One might hope that this would be a system of the future, but it was not practical at the present moment, and if it were adopted there would be a grave risk of raising such opposition as to render the work of the Commission nugatory.*¹⁷

16 ILO Official Bulletin, p. 51.

17 Ibid., p. 52

The Belgian position received support of delegates from the U.S., Britain, Japan, Cuba, and Poland, and the Italian delegate withdrew his proposal. The next day the French delegation proposed a resolution:

*The Commission ...[while agreeing with the British proposal]...expresses the hope that, as regards international labour legislation, a deliberative international assembly will be constituted as soon as possible, and endowed with the powers proposed by the Italian Delegation.*¹⁸

The Belgian delegate who had originally objected to the Italian proposal declared that he was in principle in favor of the French resolution. On the other hand, a British delegate protested that there was more important work to do than to pass "platonic resolutions," while the American delegate expressed reservations, noting that states were jealous of their "independence."¹⁹

The movement for international labor standards was historically a European movement, but the ILO was intended to be responsible to the world. One reason that the diversity of social and economic conditions around the world did not emerge as a major issue is that the commission which drafted the ILO charter for the Peace Conference was primarily European. The U.S., Britain, France, Italy, Japan, and Belgium each had two representatives, and Cuba, Poland, and Czecho-Slovak Republic each had one. Moreover, as one of the British delegates explicitly acknowledged, the fact that European labor standards would impose larger burdens on China and India than on European countries was seen as an advantage -- it would help the European retain markets in those countries.²⁰ On the other hand, it was felt that children in India matured earlier than children in colder climates and hence were more capable of work, and that the relatively low productivity of Indian labor justified longer hours.²¹ With respect to the need for

18 Ibid., p. 54.

19 Ibid, p. 56.

20 Barnes, History, pp. 45-6.

21 Ibid., p. 44.

unemployment insurance, an Bengal Labor Office official at a League of Nations Union meeting noted: "...it might be stated that India had no unemployment problem. The state of industrial society in India was such that a man out of work could return to his farm and remain there until further employment was offered him."²² These questionable arguments were not considered in any depth. Instead, the constitution of the ILO simply included the provision:

...the Conference shall have due regard to those countries in which climactic conditions, the imperfect development of industrial organisation, or other special circumstances make the industrial conditions substantially different, and shall suggest the modifications, if any, which it considers may be required to meet the case of such countries.

The ILO, as finally constituted, had only agenda-setting power and was not a powerful instrument to address the problem of collective action in enacting labor legislation. But the issues to be addressed did not change, and the ILO pushed ahead with its agenda. A prominent issue of labor standards was the eight-hour day. In 1919 the Conference passed a convention establishing an eight hour day, but by 1930 only nine countries had fully ratified the convention. France ratified the convention subject to the condition that it would go into force only when Great Britain and Germany also ratified it, while Italy ratified it subject to the condition that Great Britain, Germany, France and Switzerland also ratify it.²³ The problem of collective action apparently was significant among the European countries with respect to the eight-hour day.

The need for institutions to promote beneficial international economic interaction was also apparent in the field of social insurance. Before the formation of the ILO, Europe experienced a stream of bilateral agreements concerning social insurance. In the Franco-Italian Treaty of April, 1904, means were established such that pensions contributions

22 League of Nations Union, Social Insurance, p. 211.

23 The International Labor Organization, p. 108.

could be transferred between the French and Italian insurance systems.²⁴ The Swiss-Italian Treaty of July, 1904, provided equivalent workmen's compensation for the nationals of one country working on the other's territory. The German-Italian Treaty of December, 1904, and the German-Austro-Hungarian Treaty of January, 1905 accorded equal treatment for foreigners and nationals in the contracting states. Requiring equal treatment was administratively simpler than requiring equal benefits, and the equal treatment approach prevailed in a stream of treaties over the next ten years.²⁵ Thus the effect of these treaties was not to harmonize non-wage costs but to facilitate the operation of the international labor market.

But as with hours legislation and labor standards, there was concern that differences in the scope of social insurance systems could affect the competitive position of states.²⁶ In April of 1926 the British Ministry of Labour asked the ILO to do a comparative study of the cost of social insurance in different countries.

The ILO's Committee of Experts noted

*... that the question of the cost of social services was being discussed in all countries, that inaccurate or incomplete statistics were being produced, that comparative international tables were being drawn up based on heterogeneous and incommensurable data, and that false conclusions were thus being laid before the public.*²⁷

In short, opponents of national social insurance schemes were using arguments about international competition to attack the schemes. The Committee of Experts resolved to produce impartial and properly checked statistics in order to clarify the issues.

²⁴ Italy also promised to set up a system of labor inspections and to study how to bring labor standards in Italy in line with the stricter French standards. Lowe, *International Aspects*, p. 97-98.

²⁵ *Ibid.*

²⁶ R.H. Butler, a British citizen and the Deputy-Director of the International Labour Office, noted: "Complaints are commonly made in this country and in other countries that the burden of these social charges [those associated with social insurance] constitutes a handicap in international competition which has now become more acute, perhaps, than at any previous period." *Social Insurance*, p. 172.

²⁷ ILO, "International Survey," p. vii.

In the course of planning the collection of statistics, an important issue arose: should the statistics include costs of social assistance as well as the costs of social insurance? While it was recognized that social insurance was more progressive, the issue was the competitive implications of the cost of welfare programs, not their efficiency or justness. The committee concluded on theoretical grounds that social assistance charges should be included in the statistics. Unfortunately, since most social assistance expenditure was local and ad-hoc, accurate statistics on this type of expenditure were difficult to obtain. The Committee compiled an impressive mass of statistics, but concluded:

*...on the basis of the information at present available from the different countries, it was impossible to make any international comparison of social charges, and that it was the duty of the Office to report accordingly so as to impress this fact on individuals, administrative departments or associations which might be tempted to make such international comparisons, which would inevitably lead to erroneous conclusions.*²⁸

Especially with respect to the whole range of international comparisons, such a conclusion seems so cautious as to border on the ridiculous. It may in fact reflect the reluctance of the ILO to be drawn too overtly into political battles about competitiveness within Europe.

The problem that international competition creates for domestic programs to improve labor standards and social security has been historically a recurring lament. Yet the relative importance of labor conditions and non-wage benefits in affecting competitiveness is difficult to establish.²⁹ In addition, the actual role that the ILO played in mitigating the problem of international competition for social reform was rather limited,

²⁸ Ibid.

²⁹ In fact, the Fabians in early twentieth century England argued that the conflict between social conditions and competitiveness was largely imagined; social reform promoted national efficiency while sweated trades lead to industrial stagnation. See the Webbs, *Industrial Democracy*, and Beatrice Webb, *The Case for the Factory Acts*.

despite the explicit recognition that this problem received in the Treaty of Paris. Consider, for example, what C. Wilfred Jenks, who served as Director-General of the ILO, had to say about arguments focusing on the implications of international competition:

*While the precise inter-relationship of labour standards, labour efficiency and competitive capacity in the international market may be complex and subject to debate, no one who is familiar with the political history of international commercial policy, including such chapters as the reciprocal trade agreements programme in the United States, the economic integration movement in Europe, and the problem of competition with established industries from new industries in underdeveloped countries, can doubt that this proposition reflects a widespread view of governments, management and labour alike which is a substantial factor in contemporary international economic relations.*³⁰

Why have arguments about the implications of international competition been, despite their meager economic support, historically so important in the push for international cooperation? A distinct advantage of arguments about the implications of international competition is that the international dimension of competition is easily recognized. There is no need to search for common values to justify common action; interdependence through competition provides the justification needed. This means that goods like labor standards, work conditions, and insurance benefits, like other goods, become part of international "trade." Thus they fit within an existing international language. Moreover, trading partners do not need to hold common views about the value of particular goods. They just need to be willing to do a deal. Discussion focuses on what legislation is consistent with fair trade, so that social justice becomes another dimension of competition.

One implication of linking social justice to competition in this way is that social justice focuses on the worker rather than on the citizen. More particularly, wage-earners in industries producing goods that are traded internationally are the primary concern.

30 Jenks, Human Rights, p. 132.

Workers in the subsistence economy or producing non-tradable goods, and children, women, and men in the home are a secondary issue, if an issue at all. For developing countries this is a particularly significant concern. One response might be to argue that the example of reform in a few sectors helps to stimulate further reform in other sectors of the economy. Another response is to seek a different basis for international action to promote a more comprehensive program of social justice.

II. Social Reform and Social Stability

In justifying the formation of the International Labour Organization, the Peace Treaty argued: "conditions of labor exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled." According to a delegate to the first International Labor

Conference in 1919, the architects of the Paris Peace Treaty recognized:

the world's peace may depend to no small extent upon the conditions of the toilers in every land, and that as a necessary part of any program for insuring [sic] the world's peace there should be an international labor organization which might, by a program of policies and reforms, seek to establish industrial peace among the nations, better living conditions for the toiling masses, and so contribute to human progress throughout the world.³¹

Promoting industrial peace, better living conditions, and human progress could well be valued as ends in themselves; here they are also presented as instrumental for the pursuit of world peace, meaning peace among states.

The argument that social reform was necessary for peace had appeared early in discussions of domestic reform. In the 1926 study of the history of factory legislation referred to earlier, the authors note the tactics of an early nineteenth century British

³¹ ILO, International Labor Conference, First Annual, p. 80.

physician:

Instead of an emotional appeal to humanity, he [the reformer, a physician] points out the risk incurred by the better classes from the fevers generated by the dirt and misery of the factory population, and says with perfect truth and perhaps a touch of cynicism, that the "safety of the rich is intimately connected with the welfare of the poor."³²

One difference between this argument and the argument in the Treaty of Paris is that concern is about international peace, which is important to both the rich and the poor, rather than just the safety of the rich. On the other hand, arguments for reform in terms of concern about social stability generally do generate tension in that they degrade certain goods to the status of means. Daniel Legrand, arguing for factory legislation in Europe in the 1840's, attempted to obscure this problem by asserting a happy coincidence:

Such a law would shower blessings upon the governments accepting it, for it would improve the morality and well-being of the people and become a guarantor of order and public security.³³

That such a coincidence can occur to a certain extent is clear; the issue is whether the coincidence is broad enough to support needed efforts for social reform in a given instance.

In 1919 the fear that working class revolution would be encouraged and supported across national borders helped make the avoidance of class strife within nations an international concern. The mobilization required for the Great War strengthened trade unions, and the International Labor Conference at Leeds in July, 1917 and the International Conference of Trade Unions in Berne in October, 1917 generated transnational support for a wide range of workers' rights.³⁴ The Bolshevik Revolution in

³² Hutchins and Harrison, *History*, p. 13, quoting "Ferriar's Medical Histories and Reflections," Vol I., pp. 261, 289.

³³ Follows, *Antecedents of the ILO*, p. 197.

³⁴ For example, the Leeds Conference resolved: "The conference declares that the peace treaty which will terminate the present war and will give to the nations political and economic independence should also insure to the working class of all countries a minimum of guarantees of a moral as well as a material kind concerning the right of coalition, emigration, social insurance, hours of labor, hygiene, and

Russian in 1917 brought to power a regime which explicitly promoted an international communist movement. With the creation of the ILO, the architects of the Paris Peace Treaty sought to create an alternative, preferable means for workers to pursue their demands. One scholar noted, "No one can deny that if the workers were to turn away from Geneva [the ILO] the opening sentence in a long story of revolution -- and war -- would have been written."³⁵ The Russian Encyclopedia offers a similar analysis with a different emphasis in its description of the ILO:

*International Labor Organization -- an institution, organized in 1919 within the League of Nations on the basis of the Versailles Peace Treaty, formally -- for working out international conventions and recommendations on questions of social legislation, for the study of problems of labor; factually -- for the spreading of false reformist illusions with the help of the right social-democrats and for diverting the working classes away from revolutionary class warfare.*³⁶

The threat of communism in the interwar period arose from class conflict, rather than from international conflict as was the case during the Cold War. Tripartism, a distinctive institutional characteristic of the ILO, was an important innovation to address class conflict. In the ILO each country has one labor representative, one employer representative, and two government representatives; on all matters each representative votes independently.³⁷ Thus the labor and employer representatives sit in the same capacity as the government representatives. Actions of the International Labor

protection of labor, in order to secure them against the attacks of international capitalistic competition." See Shotwell, *Origins*, V. II., p. 23.

³⁵ Wilson, *Labor in the League System*, p. 281.

³⁶ Bol'shaia Sovetskaia Entsilopediia (1954), quoted in Alfred Fernback, *Soviet Coexistence*, p. 6.

³⁷ There was some debate about whether governments should have two representatives, or one. The British argued that giving government two representatives lessened the ability of employers to block conventions. Since decisions required a two-thirds majority, if government, employers, and labor each had one representative, the employers could block decisions by attracting only one additional government vote. The British were clearly also concerned about taking too much power away from governments. See Shotwell, *Origins*, V. II., p. 121, 332-5. The French, Belgians, and Italians initially favored equal representation. Samuel Gompers, the leader of the American delegation, also favored equal representation; he argued: "there are really only two groups in society -- the employed and the employing." Gompers, *Seventy Years*, p. 208.

Conference, such as establishing a convention, require a two-third's majority of delegates.

These arrangements contrast sharply with those of the League of Nations, in which only governments were represented and action required a unanimous vote. The structure of the ILO promoted dialogue between interest groups within countries and across countries, and helped assure that labor's voice was heard in the international system.

The ILO passed a series of conventions that sought to promote social insurance. In 1925 the International Labor Conference adopted a general resolution on social insurance that declared: "the maintenance of a healthy and vigorous labour supply is of capital importance" for workers and for industrial development. The resolution noted that "this development is only attainable by constant and systematic endeavor to obviate all avoidable loss or diminution in the efficiency or earning capacity of wage earners." Moreover, "the principle of social justice" required "effective protection of the workers against risks endangering their livelihood, or that of their families," and "this protection can best be attained by means of the establishment of a system of social insurance granting clearly defined rights to the beneficiaries."³⁸ Over the next ten years the ILO passed a series of social insurance conventions organized around different types of risks: accidents, sickness, old age, invalidity, widowhood, maternity, and being an orphan.

One might argue that the ILO's push for social insurance really reflected an international dimension of labor's efforts to bring about a redistribution of benefits in its favor.³⁹ Yet as Baldwin has pointed out in a historical review of national struggles for social insurance, the battle lines for social insurance were seldom drawn along traditional class lines. He argues that the specific redistribution implied by a particular policy and

38 ILO, "The ILO and Social Insurance", pp. 121-123.

39 Or similarly, one might argue that the social insurance agenda was a concession to labor to forestall social strife. This sort of interpretation is a prominent interpretation of the introduction of social insurance in Germany in the 1880's.

distribution of risks was "calculated time and time again for each new round of legislation with uncanny precision," and that "the major engagements over social insurance legislation have consistently been fought between winners and losers defined in these terms."⁴⁰ The ILO's position as to the share of insurance costs to be assigned to workers, employers, and government is interesting to consider in this regard. Apparently unlike Baldwin, the ILO recognized an important distinction between legal and economic incidence.⁴¹ In particular, cost sharing between workers and employers can be modified through offsetting changes in wages, and firms might shift a portion of costs forward through increase in prices. Moreover, the burden of government taxes to fund insurance systems depends on the structure of tax system.⁴² The ILO had no illusions about its ability to fully describe or prescribe the redistribution that social insurance actually produced.

The primary thrust of the ILO's work on social insurance was in fact to promote institution-building. The economic insecurity of workers was recognized as a serious problem,⁴³ but the problem was an administrative rather than a legislative task. Thus it is not surprising that the legislative content of the social insurance conventions was rather thin. None of the general social insurance conventions specified the amount of benefits that should be paid. They did, however, impose some specific conditions on the institutions to be created. For example, the sickness insurance convention declared: "Sickness insurance shall be administered by self-governing institutions which shall be

40 Baldwin, *Politics*, p. 40.

41 In particular, whether the employer or the employee pays a social insurance tax on wages has no direct economical significance. See also below.

42 ILO, "Compulsory Sickness Insurance", p. 22.

43 For example, Carol Wright, the U.S. Commissioner of the Department of Labor, noted in the preface to a 1893 study of the German social insurance system: "If there is a subject within the whole range of social economics which relates to means for promoting the material, social, intellectual, and moral prosperity of labouring men and women it is that which deals with what is called the 'economic insecurity' attending the prosecution of great industries." U.S. Bureau of Labor Statistics, *Fourth Special Report, Compulsory Insurance in Germany*.

under the administrative and financial supervision of the competent public authority and shall not be carried on with a view of profit."⁴⁴ The other social insurance conventions contained similar stipulations.

To the extent that the international system is a system of states, the integrity and stability of states is an international concern. The institutional structure of the ILO and its actions in the interwar period reflect in part an interest in developing institutions that promote stability and integration within states. Whether the ILO's program of social insurance could promote social stability and peace can be questioned. One negative response is to trace a line from Bismarck's social reforms to the rise of national socialism in Germany and its disastrous consequences for world peace. This is an example of national integration leading to fascism. Another negative response is to point to the piecemeal development in Latin America of social insurance systems with strong occupational and class biases. This is an example of social insurance as a mechanism of interest-group solidarity. Yet social insurance can be an important means of promoting social solidarity of a non-fascist sort, as the expansion of the welfare state in Europe after World War II illustrates.

III. Social Reform and International Social Justice

The first acts of the first general session of the post-WWI peace conference at Versailles were to form three commissions: one addressing responsibility for the war, another dealing with war crimes, and the third addressing international labor legislation. According to one observer, when the Great Powers first addressed these issues rather than

⁴⁴ For this conventions and other interwar social insurance conventions, see ILO, "The International Labour Organisation and Social Insurance", pp. 121-79.

the issues of redrawing boundaries and recreating nations, it "produced a degree of surprise that almost amounted to bewilderment."⁴⁵ These acts may have reflected delaying tactics in the face of disagreements on other issues.⁴⁶ Nonetheless, that these acts were grouped together may be revealing. The first two acts reflect very basic impulses of justice; that international labor legislation was linked to these issues suggests that the calls for social justice in the Paris Peace Treaty went deeper than mere rhetorical flourishes.

The underlying argument of this appeal to social justice is that international action is warranted to uphold a shared understanding of the requirements of human dignity. The refusal of one state to take action in support of human dignity of people outside the state is seen as either denying the humanity of those "others" or contradicting the state's own understanding of the imperatives of human dignity. Two points should be noted in relation to this argument. First, racism was at least implicitly an accepted practice at the time of the Treaty of Paris, and this situation certainly limited the consistency of arguments about human dignity. Second, in practice objectives conflict and resources are limited. An important issue is the ranking of different sorts of transnational obligations to uphold human dignity.

The ideals of social justice and human dignity that influenced the post-WWI reconstruction represented attempts to extract universals from European experience. In connection with social reform, these attempts can once again be traced back at least to Daniel Legrand in the 1840's. For Legrand, universals were Christianity and "the principle of family life."⁴⁷ The latter principle was historically more original, and Legrand pursued it forcefully. He argued: "The destruction of the family is the festering wound of modern

45 Shotwell, "Historical Significance of the International Labour Conference", in Solano, ed., *Labour as an International Problem*, p. 42.

46 *Ibid.*, p. 43.

47 Follows, *Antecedents*, p. 197.

industry and measures calculated to restore family life would be one of the greatest benefits procurable for the working classes."⁴⁸ The conservative element of this argument is unmistakable. But it also represents an invocation of a common value to appeal to leaders across the political and social spectrum.

Another strand in the attempt to find common ground for the pursuit of international social reform was the work of social scientists. In a massive mid-nineteenth century book on factory legislation, Edouard Ducpetiaux, a Belgian penologist and social reformer, proposed the formation of an international organization to coordinate social reform. He called the organization the International Association for the Progress of Moral and Social Sciences.⁴⁹ While this proposal was not enacted, international dialogue among academics, labor leaders, and politicians concerning international social reform intensified in the second half of the nineteenth century. The International Congress of Labor Legislation of 1897, a meeting of "university professors, economists, and parliamentarians," led to the establishment of the International Labour Office.⁵⁰ The Swiss provided an office and an annual contribution of 8,000 francs; the Office, however, was private and Stephen Bauer, a professor at the University of Basel, headed it.⁵¹

The International Labor Office served as the archive and secretariat for the International Association for Labor Legislation (IALL). Both organizations were dominated by scientifically oriented reformers. After five years of careful background work, the IALL in 1906 passed two conventions -- one prohibited the employment of women during the night, and another prohibited the use of white phosphorus (which

48 Ibid., p. 34.

49 Ibid., p. 47.

50 Ibid., p. 151. The International Labour Office was incorporated into the International Labour Organization when the later organization was founded in the Treaty of Paris.

51 Ibid., p. 156.

caused a deadly disease) during the day. These two conventions illustrate the range of scientific interest of the day. The convention on night work for women enjoyed widespread support.⁵² Great Britain, Sweden, Austria-Hungary, and Belgium initially did not ratify the Phosphorus Convention. Several cases of phosphorus necrosis aroused public attention and subsequently Britain, Austria, Spain, and Hungary ratified the Convention.⁵³ The scientific community surely played an important role generating publicity and persuading governments to adopt the convention. On the other hand, the issues selected were selected because they were propitious, rather than particularly important.

Within the commission charged with addressing the issue of social legislation after WWI, there was considerable tension between advocates of substantive and formal notions of social justice. The Americans, lead by Paul Gompers, favored a charter of specific rights of labor. The most important issue for the Americans was trade union freedom. The Americans were wary of encroachments on workers' freedom to make contracts and negotiate for their own benefits. The General Principles of Article 427 of the Paris Peace Treaty reflects the American approach. The principles include workplace rights (freedom of association, equal treatment of natives and aliens, equal pay for men and women) and workplace conditions (eight hour day, weekly rest, provision for workplace inspections). Only two principles support a broader view of the needs of persons; first, that "labor should not be regarded merely as a commodity or article of commerce," and second, that workers should receive "payment of a wage adequate to maintain a reasonable standard of life as this is understood in their time and country."

The Europeans, on the other hand, saw the demands of social justice in more

⁵² It is worth noting that the convention gave countries twelve years to comply with its provisions.

⁵³ Shotwell, *Origins*, V. I, p. 11.

specific, substantial terms. Social justice involved, "the regulation of the labour supply, the prevention of unemployment...the protection of the worker against sickness, disease and injury arising out of unemployment,...provision for old age and injury...the organization of vocational and technical education." These ideas were included in a different section of the Peace Treaty -- the Preamble to the Labor Section. They required creation of new institutions that could provide services for workers. Thus they focused on social transformation rather than on the rights of the worker.

ILO efforts to establish procedural rights for workers encountered considerable obstacles. No progress was made on enacting a convention to support freedom of association.⁵⁴ The refusal of the U.S. to join the ILO in 1919 meant that freedom of association lost its main international champion. Moreover, the issue of trade union rights became entangled with the question of the legitimacy of the credentials of the labor delegate from fascist Italy. The Italian labor delegate's credentials were challenged on the grounds that his union was partly controlled by the government and had used violence to gain members.⁵⁵ These objections were voted down, but this confrontation highlighted some of tensions and complexities involved in affirming trade union rights.

The ILO also encountered obstacles in its attempts to address substantive issues of social justice such as the problem of unemployment. The issue of unemployment was placed on the agenda for the first meeting of the International Labour Conference in Washington in 1919. At the conference some delegates pointed out that shortages of raw materials in some countries in Europe were causing workers to be idle, and that a better distribution of raw materials in Europe would lessen unemployment. Other delegates objected strongly, arguing that international control of raw material distribution would

54 See The International Labour Organization, Chapter VII, Part I.

55 For a review of this issue, see Alcock, History, Chapter 4.

infringe on property rights and sovereignty.⁵⁶ The Convention concluded by passing merely a recommendation that member states establish an effective system of unemployment insurance.

The problem of narrow issues opening onto much broader ones was a recurring one. For example, a convention ratified at the Washington Conference in 1919 fixed the minimum age for the employment of children at 14 years of age. The ILO noted that if compulsory school attendance does not last until that age, then children are "left to their own devices, without supervision or education or earnings, and exposed to the `dangers of the street'."⁵⁷ Thus the ILO resolved to study

*whether the Organisation [the ILO], in order to ensure the success of its decisions on the minimum age for admission to employment, should not endeavor to have the school age in every country raised to a point which will harmonise with these decisions.*⁵⁸

Increasing the capacity of the education system is connected to the elimination of child labor. The problem is that it is much easier to forbid child labor than to develop new educational capabilities.

In the context of international concern about an expansive notion of social justice, the role of international conventions is questionable. These conventions, which are not legally binding unless national parliaments ratify them, are best suited for forbidding very particular practices which are internationally recognized as repugnant. Yet the ILO recognized that a substantive notion of social justice requires the development of social insurance institutions, an education system, means for managing employment levels, and other forms of social infrastructure. Transforming a broad notion of social justice into rational priorities and concrete programs for international action was an elusive goal.

⁵⁶ ILO, Washington Conference, p. 135.

⁵⁷ The International Labour Organization, p. 144.

⁵⁸ Ibid.

IV. World War II and the Philadelphia Declaration

As World War II drew to a close, the ILO's position was precarious. It was burdened with its association with the failed League of Nations. The Soviet Union was hostile to it because it was seen as being too influenced by Western governments. Toward the end of the war the United Nations Relief and Rehabilitation Administration and the Food and Agriculture Conference seemed to be encroaching on its mission.⁵⁹ The ILO responded by redefining and reasserting its mission in the Philadelphia Declaration of May, 1944.

The Philadelphia Declaration forcefully asserted the primacy of a comprehensive notion of human rights.

all human beings, irrespective of race, creed, or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity...

The Conference affirms that the principles set forth in this Declaration are fully applicable to all peoples everywhere and that, while the manner of their application must be determined with due regard to the stage of social and economic development reached by each people, their progressive application to peoples who are still dependent, as well as to those who have already achieved self-government, is a matter of concern to the whole world.⁶⁰

The international emergence of human rights in the modern period is usually associated with the Universal Declaration of Human Rights in 1948. The above declaration, issued four years earlier, in fact embodies the central ideas of the human rights movement.

Human rights are intrinsic rights of human beings, governments are obliged to support these rights, and their fulfillment is the concern of everyone. The interdependence of economic and political rights was explicitly recognized; economic security was linked to

⁵⁹ Alcock, History, p. 171.

⁶⁰ Johnston, The International Labour Organisation, p. 303.

the freedom and dignity of persons in order to identify the failure of the fascist states, which traded economic security for personal freedom.⁶¹ In place of the earlier, more varied objectives of economic and social reforms, the Philadelphia Declaration asserted that all national and international policies should be judged on the extent to which they further this new notion of human rights.

This new mission of the ILO was consonant with the ideas of President Roosevelt.

In remarks to the ILO Conference in New York in 1941, Roosevelt declared:

*We have learned too well that social problems and economic problems are not separate watertight compartments in the international any more than in the national sphere. In international, as in national affairs, economic policy can no longer be an end in itself. It is merely a means for achieving social objectives.*⁶²

These social objectives were expanded notions of earlier ideas of human dignity and freedom from want. These ideas were translated into the language of human rights.

The ILO assumed for itself responsibility to judge all international economic and financial policies in terms of their implications for these human rights. It pushed for inclusion in the guiding principles of the proposed United Nations Bank for Reconstruction and Development the goals of full employment and higher living standards.

It emphasized the importance of lending money on the basis of developmental needs as well as commercial criteria, and pointed out that productivity in countries could be raised "not only directly by the provision of capital equipment, but also indirectly by measures calculated to improve the health, welfare, and technical skill of the working population."⁶³

The ILO had mapped out an ambitious domain for international action and a key mission for itself. But it was not a mission for which the ILO could sustain a claim to special authority or comparative advantage. Moreover, the ILO left itself with little basis for

61 ILO, "Future Policy", p. 6.

62 ILO, "Future Policy", p. 7.

63 ILO, "Future Policy", p. 33.

establishing practical priorities for action to support its new, bold mission.

The shift in the Philadelphia Declaration to an emphasis on human rights led to a sharp de-emphasis of the arguments about international competition and social stability which had helped to initiate international reform efforts after World War I.⁶⁴ The earlier argument about the relationship between international competition and the possibility of national reform was broadened, "in light of subsequent experience," into the declaration that "poverty anywhere constitutes a danger to prosperity everywhere."⁶⁵ This latter argument bears little relationship to the historically and logically specific meaning of the earlier argument. With respect to the earlier argument linking social stability and social justice to peace, the Declaration offered only a perfunctory mention. The drafters of the Philadelphia Declaration looked at the issue from a different angle:

*...social justice can be attained only on the basis of assured peace. The peace-loving people of the world must retain both the power or the will, and must establish and support the necessary machinery, to maintain international public order if they wish to be free to devote their energies to improving the well-being of their homesteads and townships. Without political security, based on the harnessing of power as the servant of welfare, it will be impossible to pursue effectively long-range policies directed towards the maintenance of full employment and a rising standard of living.*⁶⁶

Thus instead of viewing social reform as a means for combating instability within states which could threaten the stability of other states, the ILO came to view political stability among states as a prerequisite for the pursuit of social justice within states. This view meshed well with the emerging ideological needs of the Cold War.

64 Haas argued that the Philadelphia Declaration was a sharp break, and that unequal economic conditions and the prevention of war were no longer cited as a justification for the ILO program. Haas, *Beyond the Nation-State*, p. 155. On the other hand, a recent case study of the ILO tries to make the case that the Philadelphia Declaration represented an extension of the ILO's mission rather than a radical shift. See Ghebali, *The International Labour Organisation*, pp. 61-66.

65 ILO, "Future Policy", p. 5.

66 *Ibid*, p. 13.

V. Conclusions

Arguments relating to international competition, social stability, and social justice prompted the formation of the ILO at the end of World War I. Each of these arguments had different histories, different strengths and weakness, and had a different impact on the ILO's work in the interwar period. In groping to establish its mission at the end of World War II, the ILO turned to embrace a comprehensive notion of human rights, a notion that later came to dominate international discussions of social reform. The earlier arguments relating to international competition and social stability were largely dismissed.

Yet contemporary international efforts to promote social reform may benefit from taking these earlier arguments more seriously. For example, instead of seeking to establish a priority between economic development and human rights, linking social reforms to trade liberalization or structural adjustment policies may provide a more flexible and fruitful framework. Similarly, a dominant feature of the Cold War era has been a perceived dichotomy between security concerns and human rights concerns. In the future instability within states is likely to be the key international security issue, and hence it is important to articulate internationally the connection between social reform and social stability.

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