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International Economic Organization

By FELIX MORLEY

NONE of the underlying factors in our present discontents is more obvious and less appreciated than the absence of balance between economic and political organization. With rapidly increasing tempo, as the progress of invention improves communications and strengthens cultural integration, the world grows smaller and more compact in its economic relationships. But politically the advance is hesitant and indecisive.

The horse and buggy have all but vanished from our country roads before the movement to consolidate counties in accordance with the facts of present rural transportation can gather force. A capitalistic economy, depending on international intercourse for its arterial life flow, is allowed to slip into the anarchy of a world war before the first experimental effort to establish a loose political confederation of the nations is even attempted. Whether our normal vision is fixed on county, state, or national frontiers, the same anomaly is ever present. The pace of political improvement falls steadily behind that of economic advance. The chief value in the voluminous outpourings of the so-called "Technocrats" lies in their implicit emphasis on this maladjustment, or even antithesis, between political and economic development.

A BALANCED CIVILIZATION

The problem of reestablishing a balanced civilization, accepting as desirable the gifts which science has brought us, is complicated by the fact that economic organization cannot be

allowed to proceed far in advance of the slow-moving political machine. The rapacity of mankind under complete laissez faire has been so well demonstrated that few will now deny the social necessity of at least a degree of political control over economic processes. On the other hand, the effects of continuous political interference with economic development may be equally undesirable for social welfare. The results of such unconsidered interference are almost universally apparent now.

Therefore it would seem that the ideal form of economic organization is one amenable to discipline through established political agencies, yet essentially independent in its operation. Intimate connection with the state brings stability and permanence to the economic organization while assuring that its power shall not be exercised in a manner inimical to the public welfare. Independence from the state in operation, however, is necessary not merely to avoid the "football of politics" difficulty, but even more to insure a freedom of action and flexibility in technique which are seldom realized under purely bureaucratic control. It is this line of development which the organization of public utilities, for instance, is following in the United States.

If this formula of quasi-independence from state management is valid, as a generality, for domestic economic organization, it is certainly even more desirable when interstate organization is under consideration. In the international field a rigid governmental control would not merely

exhibit all the bureaucratic defects commonly attributed to socialistic enterprise, but would also introduce in marked degree the element of nationalistic jealousies and antagonisms.

Experience suggests that scientists, clergy, financiers, industrialists, and labor leaders of varying nationalities can reach accord more readily than admirals, generals, finance ministers, or secretaries of commerce. The functional spokesmen are interested in the solution of professional problems in which the political frontier is of secondary or nonexistent importance. But the thinking of the bureaucrat is likely to be confined by nationalistic considerations. His aim is not primarily solution of the problem, but protection of what he conceives to be the interests of his country. Rigid governmental control, as unhappily illustrated in the history of disarmament conferences to date, is all but incompatible with progress in international organization. Where the independent technicians are given a wide degree of freedom, as shown in interstate health collaboration, progress in the international field can be made rapidly.

In the effort now under way to restore balance between the economic and political aspects of our civilization, by far the most important manifestations are the League of Nations and the International Labor Organization, which for the purposes of our discussion may be treated as separate entities, in spite of the constitutional subordination of the latter to the former. As between these two we see that the Labor Organization corresponds the more closely to our ideal formula. Its economic activities are based on existing political forms, but are not completely subordinate thereto.

FUNCTIONAL BASIS OF THE INTERNATIONAL LABOR ORGANIZATION

The tripartite representation of governmental, employer, and labor spokesmen gives the organization a partially functional basis which is lacking in the predominantly governmental representation in the dominant organs of the League. Just as much obduracy and latent antagonism is shown in the meetings of the Governing Body and the General Conference as in those of the Council and the Assembly. But from the economic viewpoint, the conflicts are of a more realistic and constructive character. They are between class interests rather than between national interests; concerned with the distribution of wealth rather than with the distribution of political power.

The interesting consequence of this emphasis on economic rather than political democracy has been that in the International Labor Organization the governmental delegates have found their true function. They are not infrequently in a position to arrange the necessary compromises between the extreme positions of the employers' and workers' delegates. They can and do effect the desirable balance between group interests which is a primary responsibility of government wherever found. In League organization, on the other hand, the governmental representatives are themselves commonly in opposition, and except for the mediating activities of Secretariat officials there is no agency to hold the scales between them.

The functional advantage possessed by the International Labor Organization must not be allowed to blind our eyes to the fact that its organization is politically crude. It serves in the narrow field of labor conditions but not in the broader area of economic prob-

lems, although in practice it is impossible to draw a line of demarcation between the two. No local community could afford to let its economic welfare be departmentalized into the three controlling divisions of employing-class interests, working-class interests, and all other interests, these last being vaguely represented by government officials. The local community must also consider the viewpoint of many other functional divisions, which it does by permitting teachers, doctors, farmers, and other professional groups to organize as freely as trade unionists or employers of labor. What is necessary in local organization is equally requisite in international organization. From this arises the conviction in the mind of the writer that the International Labor Organization, unquestionably valuable in its limited field, cannot be allowed to aggregate to itself a large degree of the direction of international economic cooperation, as has lately often been suggested.¹

ECONOMIC ORGANIZATION OF THE LEAGUE

The economic organization of the League of Nations, on the other hand, possesses in embryonic form just that diversified functional basis which the Labor Organization lacks. Starting with a system of intergovernmental committees, it has of late years shown a definite tendency to create and utilize international functional committees, where the criterion of membership is not the official position of national representatives but the national and international influence of professional leaders in the line of work under consideration. In contradistinction to the concentration of the

International Labor Organization on labor problems, these League committees are tending to cover and link together the entire economic field—from monetary problems at one end to issues of transport and communication at the other. The whole program is, in theory, given direction by the Economic Consultative Committee, on which the Labor Organization is represented and in which the idea of functional representation is basic. In the words of the (1927) Assembly resolution establishing the Economic Consultative Committee, it should include "persons competent in industry, commerce, agriculture, finance, transport, labor questions, and questions relative to consumption."

With full realization of the very inadequate nature of the League's economic organization at present, it still remains apparent that the tendency of development is not to give the International Labor Organization more responsibility in the general economic sphere, but to count heavily upon its very competent leadership in that area—the field of labor relationships—assigned to it. This tendency is emphasized by any consideration of the expert, specialized, but subordinate work done by the Organization for other League divisions such as Transit, Health, and Mandates. It is a tendency which will probably become stronger if the League's economic organization continues to develop along functional as well as intergovernmental lines. In that case, the political philosophy involved may well be carried from a stage behind to a stage ahead of that of the Labor Organization. In the last analysis, the tripartite representation of the latter is rather closely connected with class war doctrines, and assumes perhaps too readily that within industry the interests of employers and employed

¹ Cf., for instance, "International Labor Organization," by C. J. Ratzlaff, in the *American Economic Review*, Vol. XXII, No. 3, Sept. 1932.

must always be essentially antagonistic.

IMPROVEMENT OF TECHNICAL ORGANIZATION

The chief obstacles to the subordination of the Labor Organization, using the word in no invidious sense, would seem to be its greater competence within the limited sphere attributed to it, and the disproportionate size of its personnel, the staff of the International Labor Office being nearly as large as that of the League Secretariat. That which is desirable here is not contraction of the International Labor Office, but expansion of that part of the Secretariat devoted to furthering the League's economic organization. Since this expansion is not likely in the near future, it may be suggested that both the very efficient research facilities of the International Labor Office and its various national offices might be utilized to forward more specifically the general economic work of the League.

If the development here adumbrated is desirable in itself, it is apparent that the present is the most

logical period to make a start. The political work of the League has suffered from the Sino-Japanese dispute. It has been made clear that this political machinery has been overexpanded, and can consequently be easily overstrained. The very fact that the League's political work is likely to be somewhat contracted in the future makes concentration on improvement of its technical organization the more essential. After all, the political side will, in the long run, be greatly strengthened by improving the machinery of international technical collaboration.

Finally, recent changes in the leadership of both the Geneva organizations is symbolic of the shift from political to technical emphasis which seems desirable to many now. Both Messrs. Butler and Avenol are technicians rather than politicians. Coöperatively they can accomplish much at Geneva—in all probability more than their respective predecessors—to correlate and synthesize the valuable beginnings which have been made in the construction of an effective international economic organization.

Mr. Felix Morley is on the staff of the Brookings Institution in Washington. He has spent two and a half years in Geneva, first as correspondent of the Baltimore Sun and then as director of the Geneva Office of the League of Nations Association of the United States. He was for two years a Rhodes scholar and for a year a Research Fellow at the London School of Economics and Political Science and has served as special correspondent of the Baltimore Sun in China, Japan, the Philippines, and Geneva. He is the author of "Unemployment Relief in Great Britain," "Our Far Eastern Assignment," and "The Society of Nations," and is a contributor on political and economic subjects to various reviews and periodicals.