

Man and Economy

22.05.117

1982 REPORT:  
Caux Industrial Conference

**World industry-  
confrontation  
or a common task?**

Can industry build bridges between nations  
and contribute to peace?

Can people everywhere have work and fulfilment?

Can industry develop the best qualities in people?

Recent industrial conferences at Caux have dealt with the following themes:

- 1974 Industry's role in creating a new society—philosophy and action
- 1975 Industrial leadership adequate for today's world
- 1976 Industry—battleground or living society?
- 1977 Industry's new responsibilities at a turning point in the world economy
- 1978 The economy and the society of the future
- 1979 How can industry meet the needs of people?
- 1980 Tomorrow's technology—fear or hope?
- 1981 Economic crisis—the opportunity for change

Visiting speakers have included:

- Mr Kaisuke Akagi**, Executive Vice-President, Nippon Express, Japan
- Professor Dr Pieter Blaisse**, University of Delft, Holland
- Mr Jacob Bomann Larsen**, leader, *Future in our hands*, Norway
- Professor Umberto Colombo**, Member of the Club of Rome
- Dr Kenneth Corfield**, Managing Director, STC, London
- Mr Alexander Galitsch**, Artist, exile from the Soviet Union
- Mr Rajmohan Gandhi**, Chief Editor, *Himmat* magazine, Bombay
- Mr Jan Heitink**, Deputy Editor, *De Telegraaf*, Holland
- Mr Rudolf Henschel**, Economist, Germany
- Mr Takashi Ishihara**, President, Nissan Motor Company, Japan
- Cardinal Franz Koenig**, Archbishop of Vienna
- Professor Giuseppe Lanzavecchia**, Director R&D, Montedison, Italy
- Mr John Löfblad**, General Secretary, International Federation of Building and Wood Workers, Geneva
- Mr Vladimir Maximov**, Editor, *Kontinent*, originally from USSR
- JEF Mhina**, Ambassador of Tanzania to the Scandinavian countries
- Mr Masaki Nakajima**, President, Mitsubishi Research Institute, Japan
- Mr Onar Onarheim**, President, Norwegian Confederation of Industries
- Mr Ludek Pachman**, Grand Chess Player, Czechoslovakia
- Mr Peter Petersen**, MP, business consultant, W Germany
- Dr Frederik Philips**, President, Philips Industries, Holland
- Dr J C Ramaer**, Financial Manager, Philips, Holland
- Dr G N Rathenau**, Physicist, Adviser to the Dutch government
- Mr Jean Rey**, President, European Movements, Brussels
- Dr E F Schumacher**, author *Small is Beautiful*
- Professor Klaus Schwab**, President, European Management Forum, Geneva
- Mr George Sherman**, President, George Sherman Associates, USA
- Mr Shoji Takase**, Senior Managing Director, Toshiba, Japan
- Professor Shinichi Takezawa**, Dean, Rikkyo University School of Social Relations, Tokyo
- Mr Albert Tévoédjrè**, author *La pauvreté, richesse des peuples*, Benin
- Dr Gerrit Wagner**, President, Royal Dutch Shell, Holland

Photographs: Channer, Harrison & Laking, Hodel

# WORLD INDUSTRY — CONFRONTATION OR A COMMON TASK?

The conference, from 24 to 29 August, was attended by 250 industrialists, trade union leaders and politicians from 31 countries. The following themes were discussed:

- Can industry build bridges between nations and contribute to peace?
- Can people everywhere have work and fulfilment?
- Can industry develop the best qualities in people?

## INVITATION COMMITTEE

- |  |   |   |
|--|---|---|
| <b>Gottfried Anliker</b><br>Chairman,<br>Anliker Construction Company,<br>Lucerne, Switzerland                     | <b>Torsten Henriksson</b><br>Technical Director,<br>AB Mining Transportation Company,<br>Kiruna,<br>Sweden              | <b>Frederik J Philips</b><br>Eindhoven, Holland   |
| <b>Guilherme J. Borghoff</b><br>Industrialist,<br>Rio de Janeiro, Brazil   | <b>Fritz Hochmair MP</b><br>Secretary,<br>Metal and Mining Workers Union,<br>Linz,<br>Austria                           | <b>Willy Rentzman</b><br>Consultant,<br>Christiani & Nielsen A/S,<br>Copenhagen, Denmark            |
| <b>Otto Cadegg</b><br>Trades Union Secretary,<br>Berne, Switzerland  | <b>Karl Mitterdorfer</b><br>Senator,<br>Bolzano,<br>Italy   | <b>Sylvia Sarparanta</b><br>Managing Director,<br>Kalevala Koru,<br>Helsinki, Finland               |
| <b>Roger Chipot</b><br>Industrial consultant,<br>Paris, France   | <b>Alois Mock</b><br>Chairman,<br>Austrian People's Party,<br>Vienna  | <b>Friedrich Schock</b><br>Managing Director,<br>Schock & Co, Schorndorf,<br>Germany                |
| <b>Neville Cooper</b><br>Director of Administration,<br>Standard Telephones & Cables,<br>London, England           | <b>John W Moore, Jr</b><br>Vice-President,<br>Scovill Manufacturing Co,<br>Waterbury, Conn,<br>USA                      | <b>Alfred Small</b><br>Delegate,<br>International Longshoremen's<br>Association, Brooklyn, NY, USA  |
| <b>Mario Costa</b><br>Director,<br>Costa Shipping Lines,<br>Genoa, Italy   | <b>Jones Santos Neves Filho</b><br>Vice-President,<br>Confederation of Brazilian Industry,<br>Rio de Janeiro,<br>Brazil | <b>John Söderlund</b><br>Trade unionist,<br>Norrköping, Sweden                                      |
| <b>Darius Forbes</b><br>Managing Director,<br>J N Marshall Ltd,<br>Pune, India                                     | <b>Onar Onarheim</b><br>Director,<br>Stord, Norway  | <b>Shoji Takase</b><br>Counsellor,<br>Tokyo Shibaura Electric Company,<br>Toshiba, Tokyo, Japan     |
| <b>Willi Haller</b><br>Managing Director,<br>Interflex Daten Systeme GmbH,<br>Villingen-Schwenningen,<br>W Germany |   | <b>John R Van de Water</b><br>Chairman,<br>National Labor Relations Board,<br>Washington DC,<br>USA |



Mountain House, Caux, 3,400 feet above sea level on the mountainside above Montreux, overlooking Lake Geneva. Since 1946 a world conference centre has been established there on the initiative of Swiss citizens. It is financed by voluntary contributions and administered by the Swiss Foundation for Moral Re-Armament.

## INTRODUCTION

The Caux industrial conferences, which have taken place in the last eight years, have brought together management, government and trade union representatives from 31 nations. They have been concerned with the full responsibilities of industry which must be largely responsible for the creation of wealth, and also for the development of the society of the future.

The conferences have addressed some of the major issues of our age: the relationship between the United States, Europe and Japan; relationships between the developed and the developing nations; co-operation between management, unions and government; energy; the creation of profitable jobs; the development of the right qualities in people.

The emphasis has been not only on the analysis of the problems but also on the essential pre-conditions for effective solutions—on the changes in attitude in people which can release and harness the creative initiatives which are needed. In plenary sessions and in informal discussions, delegates have shared

practical experiences and explored the relevance of their faith and beliefs to the essential battle to win people's hearts and minds for constructive purposes.

The Caux sessions have led to a growing number of people from every class and race united in a resolve to bring solutions to the problems of our time. They share the belief that effective initiators of change must be ready to change themselves; that a changed society depends upon changed people; that clear moral standards are essential; that there is a divinely-implanted voice of truth in the hearts of everyone, which, if we will listen to it, can show the way ahead for individuals and for nations.

Major speeches to the 1982 conference were made by Professor Nobutane Kiuchi, Mr Jones Santos Neves Filho, and Professor Stephen Fuller.

In addition, there were contributions from a wide range of delegates. The following pages give brief extracts from the plenary sessions.

# Can industry build bridges between nations?

**Jones Santos Neves Filho**, Vice-President, Confederation of Brazilian industry:

Last year I said to the International Employers Organisation of El Salvador, "The most important aspect is the moral one. Without that we cannot build anything lasting."

Newton once said, "Man builds too many barriers and too few bridges." In the last year we have seen many barriers created: the arms race; the effect of Reagan's economic policies abroad; the oil crisis and the increasingly unfavourable terms of trade for developing countries (Brazil now needs to export five times as much as it did ten years ago to buy one tractor); the Falklands war offsetting whatever progress was made at the North-South dialogue in Cancun.

Yet I do believe that industry can build bridges. These bridges will only work if they are being built between employers and their partners the workers, and also if they build bridges inside themselves.

Bridges between labour and management mean making a community of an industrial enterprise. Why not have all the employees share in the ownership of the company so as to turn the enterprise into a community? This will make work more than a matter of survival, it will make men happy. Of course, there are



Dr Jones Santos Neves Filho

obstacles in human nature to such community enterprise: self-interest, greed for possession and power, a wrong conception of technology (originally intended to liberate, but often used to enslave), the tendency of state enterprises and multinationals to squeeze out small companies, and the belief that profit is more important than man. Only such a community enterprise can harmonise human needs like happiness and freedom with economic necessities like profit. The aim of unity between labour and management can lift us out above narrow material aims.

## Internal bridge

The second bridge, the one we have to build inside ourselves affecting our moral conduct, is the most important. The bridgehead on the one side is our private life, where we have selfishness and self-love; on the other side the bridgehead where we are fully aware of our responsibility for humanity's destiny. This bridge presupposes that each of us can do something for mankind, however insignificant and small we are. Perhaps that is the most wonderful aspect of human nature. This internal bridge starts being built as soon as we stop thinking of ourselves and open our minds to helping towards the solution of world problems. This implies personal change.

One conflict cries out for our attention: the grave inequality between the Northern and Southern hemispheres. Terms of trade worsen and this is aggravated by speculators in the North. Any North-South dialogue ought to start with a new financial deal. I believe that private enterprise, especially if it is "communitarian", has an essential part to play in this conflict.

As Frank Buchman said: "In the battle between good and evil there is no neutrality." In the words of William Penn: "Men must choose to be governed by God or condemn themselves to be ruled by tyrants."

**Francis Blanchard**, *Director General of the International Labour Organisation:*

The ILO is unique, at any rate in the framework of the United Nations, in that it has the representatives of employers and workers as well as of governments. In my view our future cannot be regulated by the state. And many states are unfortunately totalitarian. Our future happiness requires participation. Partnership between the social partners is increasing in importance and fruitfulness. This is a philosophy which we in the ILO apply in all our endeavours. One of our endeavours which coincides considerably, or appears to coincide, with what you have been discussing here this week, is the fight against unemployment, which also means a battle against poverty and against destitution.

This requires all the energies, a mobilisation not just of material and financial means, but also of moral force. This is where Moral Re-Armament plays an extremely important part.

In the ILO we have calculated that it will take the creation of one billion jobs before the end of the century to wipe out unemployment. That is an enormous task. Perhaps we should not just think in terms of classical employment as regards the industrialised countries: eight hours per day and fixed salaries. Maybe you who organise these conferences in Caux should

spend some time here reflecting on the nature of work itself, its place in personal life besides leisure and education. The relationship between those three might be an interesting theme for fundamental thought which would continue your deliberations of this week.

### Human rights

We apply participation also in other fields, notably in the field of human rights. Freedom is a fundamental issue in North, South, East and West. It is not incompatible with economic progress, as unfortunately many countries and regimes appear to think.

You are fighting, as I heard, for unity, world unity, I take it. This is another field where you in Caux and we in the ILO are speaking a common language, where there is another common aim.

**Mr John Van de Water** thanked Mr Blanchard for his efforts to get the USA to return to the ILO, and in response to him he said, "I was determined to do everything to get the USA back into the ILO which eventually happened in 1980. I could not conceive of an International Labour Organisation functioning and trying to achieve its objectives without the participation of the biggest democracy in the world."



**M Francis Blanchard (left), Mr Willy Rentzman, and Mr John Van de Water**



**Left to right: Mr Harry Van Arsdale, President, New York City Central Labor Council, AFL/CIO; Mr A R K Mackenzie, former British ambassador; Mrs Helen Van de Water; Dr Frederik Philips, Eindhoven; M Francis Blanchard, Director General, ILO; Mr John Van de Water, Chairman, US National Labor Relations Board, at a discussion over lunch.**

### Frederik Philips, Eindhoven:

In the old days when a company started a business abroad, it was always the aim to get profits out of it and to make a lot of money. This is very old-fashioned and an unsuccessful way to start, because nowadays if you do not consider people you will not be successful anyhow. Now, when you start in another country there is a very great risk—both financial and political. There is also a risk with all the various laws involved so that when you decide to start, you must know that you have enough capital. So it is usually the multinational companies who have enough money to take such risks. The small company can do it, but may not be a success, and the company itself could go bankrupt.

Our company is situated in Holland but what we do outside the country is our main activity and what we do at home is extra. This has meant that we had to work in many countries overseas. After doing this for 60 years we have learnt a lot, and one of the things I have learnt, especially after meeting Moral Re-Armament, is to think more about people than just about figures. One of the most effective ways to meet

people is to have a factory in another country, because in industry you work together with all kinds of people and there has to be mutual understanding and confidence. Otherwise, people will consider you an alien influence. You also need a good relationship with the trade unions, and often this means you pass on your experience from other countries to help them get started.

In one foreign country the government was prohibiting all forms of local credit to foreign companies and as a result many of those companies had to close down. It was clear to me that the workers in that foreign country should be as much our concern as our own in Holland. So we invited the local management over to Holland to discuss the matter and we decided to provide the money needed to carry on. We felt this was our duty. As a result, to this day we enjoy a lot of confidence in that country.

It was here in Caux that I learnt how deep is the mistrust of workers towards management. This has its roots in the past, but we will so work that there is no more place for that kind of suspicion in the future.

# Can people everywhere have work and fulfilment?

**Neville Cooper**, Director, Administration, STC:

Applied to today's industry and products, technology destroys jobs. Applied to the products which it makes possible for tomorrow, it creates jobs.

My own company is in the forefront of technology. Our policy is to maintain at least our present level of employment. To the extent that we have succeeded we have done so by introducing an enormous number of new businesses and products. It means great changes, which we can only tackle in friendly co-operation.

One plant will have to close at a future date because its product will not be sold after that. We had to decide whether to tell the workforce or keep the truth back until the last moment. We decided to tell them as soon as we knew the facts, 2½ years in advance. As a result we can work together to maintain employment, by offering the plant to someone else, perhaps an overseas investor. The work people are enthusiastically keeping the factory going at peak efficiency in order to prove to the overseas investors that it would be a good investment.

A study by MIT in America has shown that 75 per cent of all jobs created over a period of some years—9 million jobs in all—came from new firms with less than 20 people. We need far greater initiatives, throughout Europe, for the stimulation of smaller businesses.



Mr Neville Cooper

Speaking at Caux just before he died, Fritz Schumacher, author of *Small is Beautiful*, suggested that governments and multinationals should work more closely together to meet the needs of mankind. In order to do this it is vital that we build bridges of trust between them.

From this platform some five years ago, Masaki Nakajima, of the Mitsubishi Research Institute, proposed that there should be a global infrastructure fund. This is now being proposed by the Prime Minister of Japan. An enormous number of such new initiatives are needed. It will take imagination and dedication to create profitable jobs throughout the world. We must determine to do it.

**Ron Peacock**, Amalgamated Union of Engineering Workers convenor of shop stewards for Greater Manchester Transport:

At an MRA conference a trade union colleague of mine told me that every man reaches, at some point in his life, a line. If he does not cross it, he will go backward. At first I did not understand, because this had not been my philosophy, but I returned home quiet and pensive. The next morning I awoke with the thought that I had to try a new way. We had been in bitter conflict with our management. When they came in that day to the negotiation room, I asked whether I could make a statement. "Let us from now on put our cards on the table and practise absolute honesty," I said. At first management did not know what I meant. But over the years we have worked things out by talking our problems over honestly.

When I was invited to India I realised for the first time what poverty was. When I saw mothers carrying children with limbs no thicker than match sticks, it made me want to cry. Back home I told my colleagues about what I had seen. Poverty in Britain is whether you have a black and white or a colour TV set. Poverty in the developing countries is that people die of starvation or lack of medical treatment.

I am glad I have made the decision "to cross the line".

**Fred Small**, delegate, International Longshoremen's Association, Brooklyn, New York:

My union has 85,000 members. Our local is the largest with 6,000.

Automation took away the work of at least two-thirds of our membership. We negotiated a contract which guaranteed these men pay. But even though they have a salary, it doesn't give them fulfilment. There are problems at home, with the man around the house all day, doing nothing and feeling discarded.

We tried to work out ways in which a man could get work for some of the time. But even that wasn't enough. If he's not needed four days a week, how come he's suddenly needed the fifth?

Because of the enlightenment MRA has given me, I organised a rank and file meeting of those who wanted to animate young people towards some gainful employment. 75 of us longshoremen found them jobs, not in our industry particularly but in other industries. We started with 35 young people and then went on to 50 and 100. It was our own private project and it worked.

Two nights a week we had a complaints night, where they could tell us how they were getting on or how they felt about the boss. We taught all we had picked up down the years, until they were on the job and working.

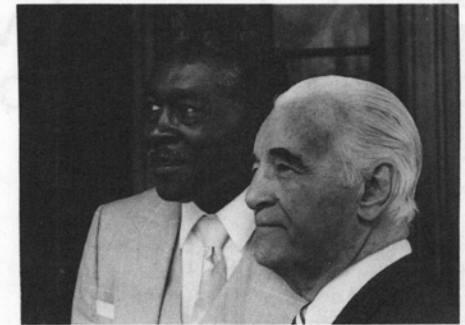
**Kevin Twaite**, Chairman, Unemployed Chapel, London Region, National Graphical Association:

In Britain officially 14 per cent of the work force are unemployed. I have been unemployed for 15 months. When I started in the printing industry I was told I had a job for life. Sadly this is no longer true.

The British people have always responded to leadership. We need to work harder and co-operate. We are all together in this.

This is my first MRA conference. I came as a cynic. This conference has opened my eyes to the unemployment involving 300 million people in the Third World, fifteen times higher than here, and where benefits are non-existent.

I have been greatly encouraged by the friendliness, interest and open-mindedness here of both sides of industry. Change must occur on both sides of industry in Britain. Then I am certain we will defeat fear, and create the confidence we must have to help ourselves. Here I have rediscovered my faith in God.



Mr Fred Small and Mr Harry Van Arsdale

**Sylvia Saparanta**, former Managing Director, Kalevala Koru, Helsinki:

When the oil crisis occurred silver and gold prices soared to five times their original level. My jewellery business faced closure.

I was sitting at home one evening calculating. Suddenly I saw all these 50 people in my company and their families in front of me. I saw those 200 faces. I could not sleep that night.

The next morning I was having a time of reflection and reading my Bible. It gave me inspiration. When I came to the office I called the entire staff together. They feared the worst. "We are not going to stop work," I told them, "but we are going to work in a different way." I said that we had not got the money for gold and silver, but could continue to work in bronze. In record time we got the models adapted. We were not one day without work that year. Trust in God meant bread and hope for 200 people.

**Chris Evans**, farmer, UK:

Unemployment has become a structural, not just a cyclical, problem. Some say that some adjustment to economic policy will bring it to an end and then the good days will return.

These ideas are dangerous, and prevent us from facing the changes in thinking and living which the situation demands.

Unemployment is not just the problem of the unemployed or the government. For me this is the crunch. Do I care about the people involved? Or am I more concerned about the threat it represents to the established order?

I don't know if there is one macro-solution to this, but I believe there can be thousands of micro-solutions which attack the problem from every angle and will make a difference.

# Can industry develop the best qualities in people?

**Nobutane Kiuchi**, *President, Japanese Institute of World Economy:*

Modern industry has enriched our individual life. It has unified mankind. Recently it has produced some evils, making it impossible to lead a humanly rich life. We, therefore, should change our course.

In view of the friction between the United States and Japan, Japan is restricting all its manufactured exports. Since this has not eliminated the imbalance, the United States is insisting on an overall liberalisation of imports into Japan, including even agricultural products. As American rice is so cheap, such liberalisation would wreck the Japanese farm industry.

Since World War II, GATT has done a lot of good by insisting on unhampered free trade. It may now be right to modify the rules somewhat. The advantage of free trade is that it raises the efficiency of industries in the importing countries but this advantage is lost if the exporting country is so strong that it wipes out those industries. That is why I should like to advocate a new GATT regulation allowing for a proper protection tariff to be imposed by the importing country. "Proper" means just enough protection for the domestic industries that they survive, but not so much that the positive effects of outside competition (lowering of consumer prices, better quality and efficiency) are lost.

## Export-import balance

In addition I would advocate the principle of "export-import balance". This means that no country should export more to a second country than it can sell back to the first country. This would lead to harmony between countries, which, in my view, is more important than a world operating as one economic unit, with completely liberalised trade.

If Japan no longer has a positive balance in her trade with developing countries, she will be unable to give aid. The result of all forms of aid have been disappointing. Developing countries do better to follow their own way and



**Professor Nobutane Kiuchi**

their own initiative. After all, aid hurts people's pride and ruins their self-respect. It is better to allow their spontaneous action to flourish without disturbing them, and by removing all obstacles.

My basic idea is that competition should be moderate.

We must return to fundamentals. Mass production was needed to answer poverty. But once poverty is removed, it loses its point so that the means can become an end in itself. We need to reconsider our aims and follow our Inner Voice. Why develop labour saving techniques if we have a surplus of labour? In the world of nature all living things are working incessantly according to their generic characteristics. We, too, should conform to Mother Nature. If work gives pleasure why eliminate it? If modern technology deprives us of this pleasure, it may make us insane.

**Stephen Fuller**, *Professor, Harvard Business School; formerly Vice-President of General Motors:*

In the world of work there is potential for better human resource management. The present work force is better educated. It rejects an authoritarian style of leadership. It is less responsive to economic incentives.

Recently members of the Harvard Business

School faculty have completed a three year study of 25 companies with outstanding human resource management. Seven common characteristics of such management have emerged:

1. A human resource philosophy, a commitment to the employees, guaranteeing individual dignity and respect.
2. A good work climate. In the hiring process people were selected with emotional maturity and an inclination to teamwork. When new sites were selected attention was devoted to the surrounding community.
3. A high level of job security. If lay offs became necessary, the adversity was shared by all and hiring freezes were the first measure taken.
4. Competitive compensations and benefits. There was no over-reliance on economic incentives which often characterises insensitive or dominating management.
5. Influential personnel departments.
6. Open communication both ways.
7. Attention to leadership skills. When management is selected, this is considered rather than technical competence. An exacting annual training is required and is essential for promotion. People are judged by their long-term performance and not on the basis of short-term profits or successful productivity.

Recently I read an article by a Japanese management consultant. In his list of priorities employees come first and shareholders last, (almost the opposite to those values practised in the West). Our human resources will not be better managed until we change our priorities so that faith in people becomes more important than profits. Without people we can do nothing, with them anything.

## No managerial supervision

*After Professor Fuller's address a lively discussion followed in the course of which he made the following points:*

It seems to me that we have to thank the intense competition that many of our basic industries face, for example, from Japan, because without that pressure we might not look at the way we manage people.

Since 1971 General Motors has built 22 new plants in the United States and in 17 we have no managerial supervision. If someone leaves and



**Professor Stephen Fuller**

there is an opening, the workers decide from among the applicants who is to be hired into the group. They set their own schedules and inspect their own work. They all receive the same pay, except that one of them is elected spokesman for the group and receives a small differential.

Our absenteeism is running between 16 and 21 per cent in our older plants and between 1 and 4 per cent in these new ones. The work force demand far more of themselves than any manager could.

Management left to its own devices, completely uninhibited by either a union or a strong personnel department, would tend to be abusive; you need some checks and balances. We could never have done what we did in General Motors without the total support of the United Automobile Workers.

I am unbelievably optimistic about the new structures that will emerge, if unions and corporate leadership can keep constantly the individual in their minds.

An organisation has many purposes, only one of which is to make profits. It is equally a purpose to create jobs, to satisfy customers, to have high objectives which are worth doing and worth doing well. So I do not like to think of business organisations as exclusively economic. Research has shown that work organisation is very much a human and social phenomenon. If you emphasise the economic almost exclusively, then people get no fulfilment and economic results all the time diminish. If you start with people, the profits and the economic results will improve.

The 1983 industrial conference  
at Caux will be held from  
23 to 28 August

Conference Secretary:  
Heinrich Karrer  
Mountain House  
CH 1824 Caux, Switzerland  
Tel: 021 614241

Printed in Great Britain by Connelly-Manton (Printing) Ltd, London EC4