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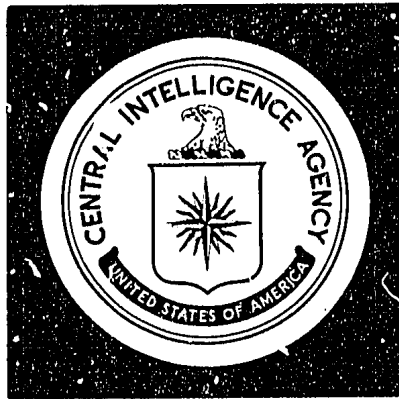
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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Memorandum

*The French Labor Scene—New Climate in Social Relations*

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
17 November 1971

INTELLIGENCE MEMORANDUM

The French Labor Scene-New  
Climate in Social Relations

Summary

Three years ago a widespread student-worker strike almost developed into full revolution. Now the Pompidou regime, with Prime Minister Jacques Chaban-Delmas as grand architect, has largely re-established labor peace. Through a "new society" program the prime minister has initiated a range of innovative labor reforms that have raised the standard of living and have been generally accepted by the major French labor unions. The government's program has played a considerable part in dispelling the revolutionary spirit of 1968, in discouraging major strike activity, and in improving the relationships between government and labor unions. Since 1968 most of the labor confederations have been willing to work within the economic and social framework in a responsible manner. Although the labor confederations have at times been able to achieve unity of action, the intense competition between them for members and their ideological differences have limited the extent of common action. Occasional strikes and demonstrations, especially for salary increases and a lowering of the retirement age, will no doubt occur over the coming months, but there are no major disturbances on the horizon.

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated within CIA.

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### Labor and the 1968 Crisis

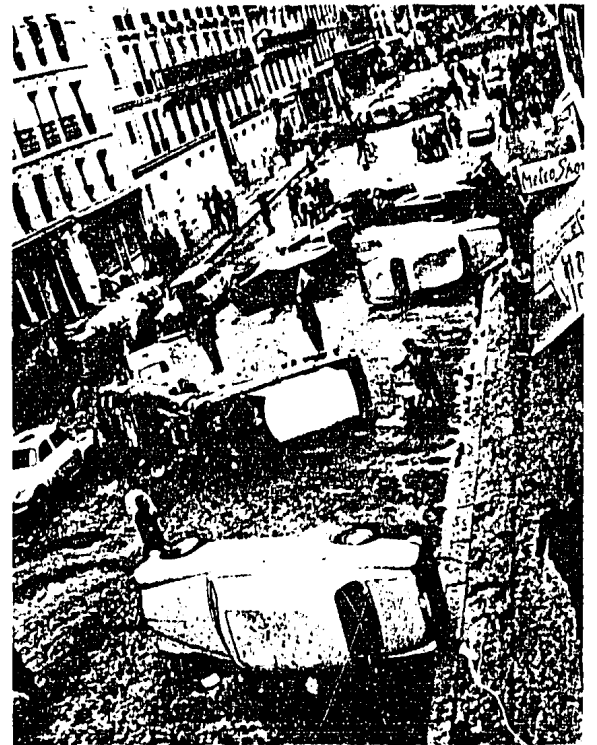
1. Massive anti-regime strikes and demonstrations began on 10 May 1968 when workers joined the spiraling student rebellion touched off by small demonstrations and riots at the suburban Nanterre campus of the University of Paris. They were protesting an inadequate educational system, rising prices, widespread unemployment, and the general unresponsiveness of the regime to the demands of a broad sector of society. The intent of militant student and labor leaders was to overthrow the government of President de Gaulle. The protest movement culminated on 25 May in the closure of many French schools and universities and in a ten-million-man walkout that virtually paralyzed the nation.

2. At the outset, several of the major French labor organizations, particularly the Communist-dominated General Labor Confederation (CGT) and the leftist French Confederation of Democratic Workers (CFDT), had agitated for strike activity. None of the unions expected demonstrations on the large scale that developed. Militant CFDT leaders continued to foment unrest throughout the crisis and remained closely aligned with the rebellious students. The CGT--France's largest union--and several other unions, however, eventually abandoned support for the spontaneous strikes. Still strikes, and demonstrations spread. The inability of the labor leaders to control the situation can be partly ascribed to the fact that only about one third of the workers who walked off their jobs were union members. Of much greater significance was the failure of the leadership to assess correctly the mood of the rank and file. Spurred on by the militant students and by hopes of finally redressing some of their own grievances, they took positions much more extreme than those espoused at the top. Union leaders, particularly the Communists, were in effect outflanked on the left by the students and by their own followers. They regained control of their followers only with great difficulty.

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Students and workers riot during May 1968 crisis.



3. The student-worker coalition during the crisis was somewhat paradoxical because French workers have never regarded university students as allies. Workers traditionally have viewed the students as representatives of a bourgeois class with vested interests in the governmental and social establishment against which French labor strongly rebelled. In 1968, however, militant student leaders were fighting for objectives that appealed to younger, leftist labor elements. The students wanted not only a reform of educational institutions--which among other things would have offered greater opportunities to the children of workers--but also, and more importantly, the students sought a general reform of French society.

4. The workers rejected the government's Grenelle Accords of 27 May, despite the urging of their leaders, though the substance of these accords did eventually serve as the basis for the settlement of the strikes in late June. In addition to wage increases ranging from 10 to 21 percent,

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the accords committed the government to introduce legislation guaranteeing trade union rights and increases in social security benefits.

#### Aftermath

5. The French economy started down the road to recovery in the first months after the strikes. The government helped to clear the atmosphere by acting quickly to carry out its legislative promises. Labor leaders, to protect their gains, pressed for immediate implementation. But the regime was nervous about several factors that still threatened the economy. It was particularly concerned over labor's intentions in the light of its new militancy and over the stability of the franc in the face of the new wage settlements. During the last two months of 1968, the monetary crisis impelled the government to launch an austerity program in preference to devaluing the franc. Currency controls were introduced, credit and budget policies were tightened, a tax policy to improve balance of payments was adopted, and a new series of price controls imposed.

6. The workers feared the program would wipe out their gains and place a disproportionate burden on them, and the labor unions promoted some protests against the program. No significant strikes resulted, however, and labor demonstrations were minimal. Most workers probably reasoned that prices had not risen enough to justify serious protests. Moreover, they were reassured by the government's prompt moves to fulfill its promises on trade union rights legislation, labor's most significant achievement in 1968. Nonetheless, as the year ended, most of the basic problems that set off the May crisis remained, despite the considerable effort to solve them.

#### Labor Reforms

7. No significant progress in labor-management relations was made until President Georges Pompidou came to power on 20 June 1969. In an effort to get the unhealthy French economy moving, the Pompidou government devalued the franc on 8 August 1969, at

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the expense of irritating labor, and instituted an economic stabilization plan. These moves greatly facilitated France's economic recovery and laid the groundwork for reforms that served to ameliorate labor-management relations.

8. In September 1969 Prime Minister Jacques Chaban-Delmas announced his "new society" program, describing it as the first step toward improving the social climate. With the aid of two special assistants, Jacques Delors and Simon Nora, he initiated a pattern of government consultations with the unions in a search for programs and policies that benefit both. Although the consultation procedure varies with circumstances, the government representative, Delors, bypasses the central labor organization and talks directly with the local leaders who are more aware of worker complaints. Simultaneously, the other government representative Nora, contacts management, stressing the importance of resolving management differences with labor. The system has worked well thus far, even in cases involving civil servants and nationalized industries where the government was one of the disputing parties. The new technique contrasts with that of the De Gaulle era. Then the government often intervened directly in disputes and imposed solutions rather than limiting its role to that of arbiter between labor and management.



Chaban-Delmas

*"Today governing a great state has become infinitely complex, it requires the cooperation of all living forces of the country. Becoming informed and informing, listening and explaining have become imperious necessities. My government will therefore heed the wishes expressed in the country, taking care to act upon these wishes or to explain why it cannot immediately satisfy them. The necessity of teamwork therefore imposes itself—teamwork in which each gives his ideas, his opinions, and in which the decision is made by the man who holds this responsibility after joint reflection...."*

National Assembly Address, 26 June 1969

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9. The Pompidou regime promptly enacted a range of useful labor legislation that has brought the country two years of general labor peace. The first reforms were the upward revision of the legal minimum wage with annual adjustments, and the establishment, in October 1969, of a shorter work week (40 hours) without pay reductions. French workers had been legally entitled to a 40-hour week since the Matignon Agreements of 1936, but they have rarely insisted upon implementation. The government has usually permitted management to extend the work week to 43 or 45 hours, requiring only that overtime rates be paid for the added hours. Because many workers needed the overtime pay, they had for many years few objections to the extra work hours.

10. Labor began to press for enforcement of the 40-hour week, and this has resulted in significant adjustments of work schedules since 1970. Many industries in the public and private sector still fall short of meeting official requirements. In state-controlled enterprises, such as electricity and gas, the work week was reduced by two hours to 42 hours; in the railroads by two and a half hours to 42 hours; and in the Paris transportation system by 50 minutes to 41 1/2 hours. In private industry and commerce, the average work week dropped less than half an hour to 44 1/2 hours.

11. The Gaullist profit-sharing program of 1967 was strongly endorsed by the Pompidou administration as an essential aspect of the "new society" program, and legislation was introduced in December 1969 to facilitate its implementation. This measure allows wage and salary earners to benefit from the productivity gains of their company. When the profit-sharing legislation was enacted, about 9,500 enterprises employing four million persons were expected to negotiate with their employees on the adoption of profit-sharing plans. According to the French Ministry of Labor, however, only 5,778 agreements had been signed by the end of 1970. The agreements, covering 6,515 enterprises employing three million workers, resulted in an average bonus of \$64 per worker in 1970, representing 2.7 percent of the

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## MAJOR STEPS TAKEN TO IMPROVE LABOR-MANAGEMENT RELATIONS

### 1969

- April Extension of annual paid vacation to four weeks for all workers who have completed one full year of work for the same employer (retroactive to May 1968)
- August Devaluation of the franc to revive the flagging economy created by the 1968 May crisis
- September Creation of government's "New society" program to facilitate new labor legislation
- September Initiation of government's policy of consultation with the trade unions
- October Establishment of a shorter work week (40-hours) without reduction in pay
- October Revision of the legal hourly minimum wage in industry and agriculture with annual adjustments
- December Approval of compulsory legislation for implementation of worker participation in profit shareholding programs (decree of August 1967)
- December Establishment of a social contract ("*contrat de progres*") as the union's guarantee of wage adjustments linked to movements in the GNP, worker productivity, and the general performance of the employing company in return for a 90-day pledge from the unions not to strike

### 1970

- March Enactment of *Mensualisation* agreement which transfers blue-collar workers from hourly to monthly pay status and grants them fringe benefits formerly enjoyed only by white-collar workers
- July Provision of vocational training with partial pay compensation for young workers under 18 years of age and a one-year maximum training leave with full pay compensation for adult workers with two years seniority.

### 1971

- June Approval of legal hourly minimum wage increase

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total wage bill and 14 percent of the declared profits of these enterprises. The profit-sharing program is mandatory in enterprises having more than 100 employees; only about 10 percent of the signatory enterprises have smaller work forces. Most of the agreements are concentrated in the construction and public works industries. Despite the failure of companies employing one million workers to meet their obligation to sign profit-sharing agreements and despite the low level of workers' shares (the French Government initially estimated that profit-sharing could raise the income of the participating workers by an average of 10 percent), the government feels that implementation of the legislation during the first year is satisfactory. The government is determined to push the program to maximum participation and has called upon enterprises that have not signed to negotiate profit-sharing plans without delay.

12. The most important innovative measure introduced by the government in 1969 was the social contract. The first contract was signed in the public sector by the French Electricity and Gas Company. Characterized by Prime Minister Chaban-Delmas and others as "revolutionary," it guarantees wage adjustments linked to movements in the Gross National Product, worker productivity, and the general performance of the employing company. In return the workers pledge not to strike for 90 days after the outbreak of a dispute. The social contract has had a measurable degree of success despite the refusal of the General Confederation of Labor--France's largest and best organized labor union--to sign the agreement.

13. In 1970 the government agreed to provide the same arrangements for blue-collar workers as already enjoyed by white-collar workers. The agreement, endorsed by labor and management, transferred blue-collar workers from hourly to monthly pay status and granted them fringe benefits, including wage payments during absence for sick, maternity and military leave, paid holidays, and seniority, retirement and separation premiums.

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## MAJOR LABOR ORGANIZATIONS

<u>Group</u>	<u>Leader</u>	<u>Origins</u>	<u>Estimated Membership</u>	<u>Characteristics</u>
General Labor Confederation (CGT)	Georges Seguy	Founded 1895	1,000,000	Communist-dominated; majority membership blue-collar workers
Worker's Force (FO)	Andre Bergeron	Broke with CGT in 1947	400,000	Socialist-oriented; majority membership white-collar workers
National Educational Federation (FEN)	James Marange	Broke with CGT in 1947	300,000	Socialist-oriented; represents the interest of mostly primary, secondary and vocational school teachers
French Confederation of Christian Workers (CFTC)	Jean Bornard	Founded in 1919	80,000	Religious orientation, but independent of the church, government, and political parties; non-believers, agnostics and atheists also included in working class membership
French Confederation of Democratic Workers (CFDT)	Edmond Maire	Evolved from "de-confessionalization" of Catholic-led CFTC in 1964	500,000	Leftist-oriented; appeals to the younger, liberal elements of the working class
General Confederation of Supervisory Employees (CGC)	Corentin Calvez	Founded in 1944	100,000	Represents the interest of industrial technical and supervisory personnel

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14. The vocational training agreement, reached by labor and management in July 1970, was seen by the imaginative Jacques Delors as a matter of highest national priority. This agreement, negotiated over a 14-month period, for the first time provides that adult workers who have two years seniority and are at least five years from retirement age can receive up to a year of training with full pay. It also provides partial pay for workers under 18 years of age who wish to upgrade their skills or learn a new job. This innovative measure places France ahead of most industrialized countries in new techniques to satisfy the personnel needs of modern industry.

15. Last June legislation was passed to increase the legal hourly minimum wage from 3.68 francs (\$.67) to 3.85 francs (\$.70) effective in July. Most French workers receive an hourly wage that is close to one dollar, but about 750,000 laborers are still paid only the minimum rate. Because the earnings of these laborers are supplemented by a number of social security benefits, many are able to subsist reasonably well. French wives are encouraged to stay home and raise families rather than pursue careers. They receive generous allowances for children, as well as rent subsidies and health benefits.

#### Attitudes of the Labor Confederations

16. The government's "new society" program has gained considerable popular support, and has contributed substantially to the decline of militancy in the ranks of labor and the virtual disappearance from labor's ranks of the revolutionary spirit of 1968. With only one exception, the labor confederations have now accepted the social, political, and economic system in France and have pursued labor's interests in a generally reasonable and responsible manner.

17. Prior to 1968 the General Confederation of Labor was fairly militant, calling frequent strikes for political rather than economic reasons. Since 1968, however, when it failed to support the revolutionary student movement, the CGT has attempted to project the image of a powerful and responsible labor organization. The most significant motive for this shift

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in tactics is a desire to gain political respectability. The CGT is also interested in broadening its representation among white-collar workers. As the CGT acquires prestige and popular support, the political power of the French Communist Party and its chances of competing effectively with the Gaullists in the 1973 legislative elections are enhanced.

18. In 1964 the French Confederation of Christian Workers turned leftward, denounced its religious orientation, dropped "Christian" from its title, and became the French Confederation of Democratic Workers (CFDT). It is France's second largest labor organization and an increasingly militant force that tries to steal the spotlight from its principal rival, the CGT, whenever possible. This is partly the result of the accession to power in the union of younger, liberal--and in some cases extreme leftist--elements. When other unions declined to work with the students during the May crisis in 1968, the CFDT cultivated a relationship with the radical student leaders as a tactical move to challenge the more cautious CGT. As a result, the CFDT has attracted more young people than any of the other French unions. Although the union supported Chaban-Delmas' social contract, its leaders continue enthusiastically to take the initiative in encouraging strikes, staging demonstrations, and calling for work stoppages in various industries. The most recent strike was at Renault last April. The CFDT's current philosophy is that militancy and intransigence promote class consciousness and a readiness to fight for the broader goal of changing the French political and economic system. What the CFDT has to offer as an alternative has not been fully spelled out, but its utopia would have "democratic" planning of national objectives, social ownership of the means of production, and workers' management of the economy.

19. The Workers' Force is an anti-Communist labor organization that splintered from the CGT in 1947. It follows a moderate but activist course in seeking labor reforms for its members, the majority of whom are white-collar workers. Firmly

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committed to the contractual approach to labor-management relations, the union, originally socialist-oriented, has become apolitical. By tradition and ideological outlook, it is wedded to the concept of majority rule. The Workers' Force offers little challenge to the two large confederations that dominate the labor scene, but it is respected as an organization that gives priority to seeking reforms within the present economic system.

20. A small group of dissidents continue to operate under the old title, the French Confederation of Christian Workers. In 1970 this faction was given official recognition as an organization entitled to consult with the government and other labor confederations. According to its secretary general, Jean Bornard, the union is not restricted to Christian workers. Its members and officials have various religious affiliations, or none at all. Bornard has stated, however, that the union's philosophy is based on the Christian concept of the human being, which implies a balance of rights and duties. He has also asserted that the union is independent of the government and political parties.

21. Other unions of significance are the General Confederation of Supervisory Employees, composed of technicians and supervisory personnel in industry, and the National Education Federation, representing teachers and other civil servants at all levels of the school system. These unions, along with the Confederation of Christian Workers, support strikes and protest demonstrations when the need arises, but neither is strongly leftist.

22. The supervisory and education unions are the least politically oriented of the major labor federations. Both tend to be more concerned over social and economic issues than over political power or union rivalry. They have only rarely been involved in unity-of-action plans, largely because such activities have political overtones.

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The Renault Strike—a Case in Point

23. The wildcat strike this year at the state-owned Renault car plant, which lasted from 29 April until 24 May, was initiated in the Le Mans plant by 82 semiskilled workers. Eventually it affected some 50,000 laborers from the other six Renault plants. The semiskilled workers were demanding wage increases and a complete overhaul of a classification system that resulted in frequent job shifts and fluctuations in pay. During the last few years, the workers have resented the system, not only because of its effects on their income and chances of promotion but also because it deflated their sense of dignity.

24. The CFDT local leaders were the first to respond to the protest movement. They immediately adopted the strike as their own and proceeded to assume leadership. The CFDT national leaders, however, were somewhat restrained in their support of the strike, primarily because the mood of the workers was not revolutionary.

25. The CGT adopted an even more cautious approach to the situation. The union had signed a collective agreement with Renault the preceding February that had covered wage increases for 1971. Lending wholehearted support to the strike would have obviously placed the CGT in the position of being irresponsible in failing to live up to a contract. Moreover, the CGT did not want to risk undermining the basic strategy of the French Communist Party, which advocates gaining power through the polls rather than revolution. Given this situation, the CGT, to which 70 percent of the Renault employees belonged, sought desperately to end the strike the day after it began. Despite strong opposition from the CFDT, the CGT arranged for the workers to hold a secret vote on whether to continue the strike. Fifty-five percent abstained, but of those voting, 53 percent favored the strike. The CGT was forced to go along with the protest, but it was careful to discourage the impression that it was fomenting unrest.

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26. The Workers' Force was not represented at the Le Mans plant, and it did not become involved in the strike until it had spread to the other Renault plants. Its representatives then contributed decisively to bringing the strike to an end by urging the workers to be cool and wary of the promises of the CFDT.

27. Throughout the strike, the government's "hands-off" policy forced the unions to accept management as its bargaining partner and frustrated any attempts by labor leaders to politicize the protest. The Director General of Renault responded to the unexpected strike with firmness but restraint. Using a technique French management often employs when dealing with wildcat strikes in large establishments, he laid off nonstriking employees shortly after the strike began on the grounds that components necessary to operations were in short supply. Management's bargaining position in the strike was strong because Renault pays semiskilled workers higher wages than some French industries pay to specialized craftsmen and skilled workers. Also important was the fact that working conditions at Renault are among the best in the country.

28. The compromise settlement which ended the strike fell far short of the workers' demands. Although the agreement opened the door to the revision of the pay system for semiskilled workers throughout the metal industry, this concession did not take effect at once. Nor did the agreement provide for an immediate wage increase. But the workers were in no mood for a fight to the finish, and they approved the terms of the agreement by a 4-to-1 majority on 24 May. The Renault strike revealed many features of the current French labor scene:

- 1). The propensity of the CFDT to seize every opportunity to challenge the economic system and the government;
- 2). The commitment of the French Communist Party and the CGT to pursue a strategy of respectability;
- 3). The current low level of militancy among French workers, which suggests that the May crisis has left little inclination to repeat the

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experience soon; 4). The government's endorsement of the full responsibility for nationalized enterprises in handling labor disputes, which implies also that the management of any such enterprise assumes full responsibility; 5). The intense competition at the grass-roots level between the CGT and the CFDT, despite their national campaigns calling for joint protest demonstrations when the government fails to meet worker demands.

Prospects for Labor Unity

29. French trade unions have long sought unity of action as a tool to increase labor benefits. Few union leaders want organizational unity, with all the labor organizations losing their separate identities and political orientations. The CGT and the CFDT have twice attempted to agree on a common platform to strengthen their leverage in bargaining with management and the government, but basic ideological and tactical differences prevent them from cooperating on any other than an ad hoc basis. Neither their January 1966 agreement to collaborate at the national level on economic issues nor their accord of December 1970 to work jointly for labor benefits has had a significant effect upon the labor sector.

30. Relations between the two unions, always tenuous, deteriorated sharply during the May crisis. The independent, militant stance of the CFDT and its close alliance with the revolutionary student movement precluded any chance of serious collaboration with the CGT. The latter, like the government, was committed to ending the wave of spontaneous strikes, and, unlike the CFDT, was careful not to advocate the overthrow of the Gaullist regime.

31. The two unions differ not only on tactics but also on goals. The CGT seeks higher wages for every stratum of French labor, while the CFDT places all its emphasis on wage hikes and benefits for the lowest-paid workers. Moreover, the CGT thinks of itself as the traditional spokesman for French labor and is therefore reluctant to relinquish its dominant position by aligning with the smaller, newer and more militant CFDT.

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32. Nevertheless, the two unions recognize that when they have acted in concert, the result has almost always been a gain for the workers. The combined forces of the two organizations represent roughly 65 percent of France's organized labor. The CGT realizes that it cannot neglect the young workers who are attracted by the militant leadership of the CFDT. Nor can the smaller union ignore the preponderant influence of the Communist group, to which all of the other labor organizations must turn when they want to disrupt electrical power, stop the operation of trains, or organize a march of several hundred thousand workers. The two unions will therefore continue to explore the possibilities of cooperating at the national level, even as they intensify their competition at local levels.

33. The CFDT and the Workers' Force have explored the possibility of cooperative action for a number of years. Leaders of the two organizations met at the beginning of 1970 and agreed to cooperate in the future when possible. But, aside from occasional joint campaigns, there has been little tangible evidence of unity since. Even though the Workers' Force continues to view close cooperation with the CFDT as an effective counterweight to the CGT, traditional ideological differences between the two smaller unions persist and prevent serious coordination. The CFDT, for example, still feels that the Workers' Force represents the elite element of society-government workers rather than the working class. The Workers' Force, which is just as anticlerical as it is anti-Communist, has never been convinced that the CFDT has cut its religious ties.

34. The Workers' Force resents moves of the CFDT to unite with the CGT. Since its break with the CGT in 1947, the leaders of the Workers' Force have strongly opposed cooperation with the Communists because they fear that any joint action would be dominated by the French Communist Party.

35. Other French labor unions have shown little interest in unity-of-action campaigns.

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Outlook

36. The Pompidou regime has been relatively successful in dealing with the day-to-day problems that have developed in the labor sector over the last two years. The rising standard of living and the implementation of major labor legislation have contributed greatly to labor peace. Although inflation and unemployment trouble workers, the franc is fairly strong, and measures are being taken to stabilize the economy. The government is also working earnestly to provide more jobs and training skills for workers. With the exception of the 26-day wildcat strike at Renault last April, the present administration has succeeded in averting major labor crises. In the last two years there has been only some minor labor unrest among metro workers, farmers, small shopkeepers, truck drivers, miners, civil servants, airline pilots, and policemen.

37. In the coming months, labor peace will probably be threatened by an occasional demonstration or strike. Workers and union leaders will step up their campaign for labor reforms by reopening old issues and searching for new ones. But as long as labor receives significant concessions from the government and feels its position is sympathetically reviewed, it will not join alienated French students in protest to set off another explosion. The most probable union goals will be salary increases commensurate with rising prices and a lowering of the retirement age from 65 to 60 years. These issues are popular with many workers in both the public and private sectors. In September the French national police threatened to occupy the offices of the prime minister and the finance minister and to organize a march on the Elysee if their demands for pay increases and better working conditions were not met. But police union representatives have recently acceded to Interior Minister Marcellin's request that no action be taken until the outcome of budget discussions now in progress is known.

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38. The desire of most workers to push hard for pay increases may also be tempered by their fears that the domestic economy has already been seriously affected by the international monetary uncertainty. At any rate, Chaban-Delmas and his assistants will continue to give top priority to improving the social climate through better labor-management relations. They must exercise considerable tactical skill to allow the pot to bubble without boiling over.

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