well. It is not difficult to see why this system has been described as "admirably suited to keeping contractual wage rates at low levels." [6]

Nevertheless, it would be premature to conclude that the structure of bargaining institutions and the effects on union and management policies of contract extension would have sufficed to keep wage demands moderate if the growth in productivity and real wages had been less and the level of employment higher. The policy pronouncements of the unions indicate that their "responsible" behavior has rested on their desire not to interfere with economic reconstruction and growth. But it might be dangerous to underestimate the importance that the relative rapid growth in productivity and real wages has had upon trade union policy. It remains to be seen whether the tendencies toward greater income inequality which have accompanied the tax and monetary policies adopted by the Government as a means of encouraging a high rate of saving will provoke more vigorous action by the unions both in wage bargaining and politically if the possibilities for real wage advances decline.

France

Although the new De Gaulle regime may basically alter the situation, postwar France represents a case study of "a weak government, but ubiquitous in economic life." [7] Political instability, extensive governmental intervention, a divided labor movement with the largest segment Communist dominated, and generally inflationary monetary and fiscal conditions is not a combination likely to be conducive to wage-price stability nor to provide examples of effective techniques for achieving such stability.

After a period of direct government control over wages following World War II, the French Government attempted to establish free collective bargaining under a 1950 law intended to place wage determination in the hands of unions and employers. In practice, however, governmental decisions on wages remained the dominant element in wage fixing. Partly this has resulted from the key role played by the setting of legal minimum wages. Contractual wages have been so close to the legal minimum, the unions have been so weak in collective bargaining, and the practice by employers of looking to the Government for leadership in wage matters so widespread that changes in minimum wages have been generally reflected in the movement of the whole wage structure. In addition, the fact that over a fourth of the wage earners in France are employed in government service and the nationalized industries has intensified the influence of government action on wage decisions throughout the economy. Finally, the level of social insurance benefits and family allowances (which amount to about a third of total remuneration of workers) is set by the government.

The centralization of general wage movements through government action, however, has been accompanied by "an anarchy of actual wage determination in the plant." [8] The weakness of the unions has left wages to a large extent subject to managerial fiat. Collective agreements, typically negotiated with employers associations on a district, regional, or national basis, frequently are far from detailed in their

[6] Kerr, op. cit., p. 204.
[7] Val Lorwin, "Collective Bargaining in Postwar France," in "The Annals of the American Academy of Political and Social Science." March 1957, p. 70.
[8] Lorwin, op. cit., p. 66.