

# ORAL HISTORY PROJECT

## Transcription of the interview of Abraham Katz



by Gerry Rodgers

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*Abraham (Abe) Katz had a long career with the US State Department starting in the early 1950s, and was subsequently US Ambassador to the OECD in the early 1980s. In 1984 he was chosen as President of the US Council for International Business. He attended the International Labour Conference that year as the US Employer representative and was elected to the Employers' Group in the Governing Body, where he served until 1999. He was President of the International Organization of Employers from 1995 to 1996 and again from 2006 to 2008.*

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**Mr Katz:** I found a very interesting group in the Employer delegation ... the Vice-President in charge of the Executive Committee was Jean-Jacques Oechslin, who was then with the Patronat and the Secretary-General was Rafael Lagasse, and again I was struck by the nature of the discussions – the arcane ways by which this Organization operates.

By the way, during that Conference I trotted along behind Charlie Smith and Ed Potter to get a feel for it and I vowed never to go back to the Conference again. I mean it is a mad house. I remember sitting in the back of this large room which was discussing the Employment Convention, and here we go back to the substance, and they were talking phrases that were just ... they had gone out of style years ago, you know. I said: "I cannot believe it". Ed replied: "Welcome to the ILO."

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**Mr Katz** – I also found that Jean-Jacques was impressive. I gave him a ride I remember. He said: "You know, I want you to think of yourself as doing the economic work of the IOE". I said: "Fine. Where is it? What is it?" and to my surprise there was nothing. I also found that the Employers were in a very defensive mode in the sense that "Oh, you could not". This was the Workers' house so you did not fight, as we say fight city hall – that is an American expression.

The first tussle ... I discovered that you have to decide a topic for a Conference two years in advance. I said: "This is ridiculous. How do we know what two years from now – what you should be discussing?" Then I realized the Conference is a legislative body; in any event, I learned sitting there that the

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secretariat, the Office, prepares a list of items for the Conference. One of them was small and medium-sized enterprises, so in the employer's group they went around the room in a very, very stilted manner. Everybody had to say what he wanted and it came to my turn and I said: "It seems to me that since we want to generate employment, small and medium-sized enterprises are what generates the most employment in most countries, certainly in the United States. It is not the big corporations – it is small and medium-sized enterprises".

To my surprise the German and a few other of the so-called advanced country Employers said: "Oh no, the Workers would not agree to it." And I said: "Why?" "Oh, because ...". Small and medium-sized enterprises I learned was a surrogate for a more market liberalized approach and the trade unions would have none of it. I said: "But if we are interested in employment how do you do this?" Well, first the Employers have to decide and it went to a vote I found that the only people, the main Employers who supported me were from the developing countries. They said: "For us, it is only small and medium-sized enterprises". So they supported me and we outvoted the advanced countries in the Employers' group. A lot of people did not appreciate that. And so it went to the Governing Body and we had a big fight in the Governing Body about it. And again it went to, as I recall, a vote, which did not shock me, but it is, the more I realize, it is shocking to have to go to a vote on this issue. That was one of my first experiences.

Another one, very early in the game, was some sort of special meeting. I do not even remember the exact subject, how it came up, but it had to do with trade and the economy and employment, and I found myself in a negotiation with the Worker representative, who was the head of the Musicians' Union. He was an Englishman, very nice guy; but obviously he was working under constraint because here I was out of the OECD talking about adjustment and reform and you could not in this house use the word "adjustment", you could not use the word "flexibility". So we decided on "responsiveness" ... you know, all of these circumlocutions and it was very, very hard to draft but basically my ideas carried in that thing.

Then I found that the Workers' group as a whole was furious about my achievement. There was some meeting that they were going to send a tripartite delegation to, and they were so furious at me

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personally that they voted against a tripartite delegation. They were not going to pay for my trip. This was the most incredible thing. There was a personal animus there.

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**Interviewer** – What do you think the ILO could have done better to respond to the debate on structural adjustment, because the impression one has looking at it back from now is that ILO did not respond, did not produce answers.

**Mr Katz** – No, because it was stymied by, shall we say, tripartism, the Workers' veto of any approach that was threatening. I recognize that the Employers work for employer federations, which were concerned about their prerogative to negotiate their deals with the trade unions, centralized unions especially; so all of this stuff about economics and liberalizing the markets ... I mean there are some of them who understood and wanted it but there was not a driving thrust: that was Katz's business.

In the Employment Committee, on the other hand, Simon [Creane, Worker spokesperson in the Committee] who comes from Hawke's<sup>1</sup> school – the liberalization of the Australian economy by the Labour Party, with the participation of the trade unions, is the cause for Australia's economic success. And he knew that, and he understood that. So we were able to do things together in terms of programmes, documents, that had some of the Workers quite nervous and upset. I know that he had to face a Workers' caucus which was very critical at times of his actions and the same, to a certain extent, took place with his successor, Martin Ferguson. Martin told me this; he had his problems with his people.

So, on the one hand, you had, as one of our men said: Look, the Workers do not represent the workers, they represent the trade unions – those who are their dues-paying trade unionists, which in many countries is 10 per cent of the labour force; they certainly do not represent the unemployed. So that was a basic problem, but Workers, the trade unions always had to have a stance to increase employment and the answer was good old-fashioned Keynesianism in their concept. Keynesianism, you spend your way

<sup>1</sup> Bob Hawke, sometime Prime Minister of Australia.

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out of unemployment and by the way, I first heard this in the OECD when we had our consultations with the TUAC and BIAC<sup>2</sup>, and the first time I saw Lane Kirkland arguing that really the problem with unemployment was the IMF and that what you had to do was have government policy. The Employment Act of 1946 in the United States was cited and the Employment Convention pointed the way, and then when Eddy Lee began to do those economic reports he recognized in those reports ... you could not do this on an individual country basis; you needed an international approach to monetary and fiscal policy, which, as I said, the last gasp of which was that Summit in the OECD in the early 1980s.

**Interviewer** – Of course in the ILO the debate on structural adjustment came to a head with the high-level meeting in late 1987.

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**Mr Katz** – Francis Blanchard, whom I appreciated very much, also had this orientation that what you had to do was get the finance ministers and the economic ministers to realize that you must spend your way out of unemployment and he thought all you had to do was as he said to me: “Get finance ministers, labour ministers and Workers and Employers in the same room and they will see the light”.

Francis was very accessible. I had lunch with him a couple of times and I said: “First of all, forget about US Treasury and probably the UK Treasury ever coming to a meeting like that in the ILO”. I had enough trouble in the OECD in trying to get ministers together. They asked me to organize meetings with trade and finance ministers from the European Community and Japan to deal with various issues. At that point the US was able to sit together, but the Europeans – oh no, trade was under the Council of Foreign Ministers and sacrosanct and that was their bailiwick. And finance ministers were entirely a different thing.

I once ... that is a whole other story – a fascinating story, of a big blow-out on that. That was during the days of John Connolly, our Secretary of the Treasury. I said to Francis: If you really wanted to develop

<sup>2</sup> Trade union and business representation at the OECD respectively.

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interesting ideas about how to deal with this issue you ought to take a page from the experience of the OECD, Emile Van Lennep developed a series of meetings called the “Dourdan Meetings”. Dourdan is a chateau where, by invitation, he would get about 20 people from various countries but different disciplines, different Ministries; but people who could think and talk, for a weekend at the chateau, and it was first getting to know you, then gloves-off discussions; you might get somewhere that way, they may come to a meeting but they would not do it your way. But Francis was constrained by this whole UN protocol of how you call a high-level meeting. I called on Jean-Claude Paye, Secretary General of OECD and asked him if he was coming to this high-level meeting and he said: It is going to be a waste of time because ILO has got to do it by the numbers, you know, regional representation and, as it turned out, he was right.

The high-level meeting itself was not terribly high-level. It was chaired by a minister, I forgot who, a labour minister, and there were mainly speeches which went nowhere. The real work was done at night in our drafting group, and Simon and I developed this set of conclusions, with by the way, I forgot who the Frenchman was, very good people from the French delegation and a Nigerian employer. Interestingly the only opposition to us, the main opposition came from the Brazilians; why I do not know – They saw neo-imperialism under every corner. The message of the Conclusions was very simple; they did not use the word globalization. The process was then – was liberalization and increased trade with the realization that there would be ... would result in good economic growth and good employment growth, but there would be winners and losers. The role for governments was to facilitate the process, not try to obstruct it.

By the way, I have earlier participated in meetings in the OECD and in the ILO where the attempt was to obstruct the process by a little bit of protectionism – do not go too fast there, and so on and so forth. The conclusions of this meeting were to facilitate and to mitigate the pain. There were recommendations for national policy but also recommendations for ILO actions and it is interesting, but in my remarks at Lisbon I just cited whole paragraphs of the 1987 resolution, which I still think are an excellent set of recommendations for how the ILO should proceed. If you have seen our vision paper, the Employers’ vision paper, it is a bit of an elaboration of the basic theme of the high-level meeting of

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1987. The difference being that the realization is almost worldwide that that is the only way to go, it is either that or protectionism.

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Let us see, a couple of other important things that I think I accomplished in the ILO. One was the Declaration [on Fundamental Principles and Rights at Work]. I told you that I was the main ... I developed the idea and worked on it. You said that there were many fathers. What the origins of that idea was – my own concern was originally the fact that the United States had not ratified the core conventions ... I did not go in to the whole business of our decision of the US Council to examine Conventions of the ILO for possible ratifications. I should mention that.

**Interviewer** – That would be interesting.

**Mr Katz** – Let me get ahead of myself by saying that when I came on board and this became an issue in the US Council, I met Ed Potter who had published a monograph about the US and Convention Nos 87 and 98. It is out of print now but he has got it on some sort of computer record thing. Aside from the fact that there were, as I recall, 12 specific differences between US legislation and the Conventions he pointed out something which really requires more thought and became very clear to me and what I learned about the whole area of unionization ... and that is, in my country the worker rights inhere in the worker, in the individual, and in Europe they inhere in the collective, in the trade union.

That basic philosophical difference colours both Conventions Nos 87 and 98, aside from the fact that there are some specific things like supervisory personnel do not have to be unionized, etc. etc., agriculture is not involved; and aside from the fact that we had agreed, and I will come back to that, to examine Conventions for possible ratification, the critical, the main Conventions of this house are 87 and 98. We could not ... it was clear to me on both the basic philosophical grounds and the actual legislative details, could not ratify.

Ed just mentioned the other day that the AFL–CIO hired two top labour lawyers to try to prove him wrong and did not succeed and had to give up. We needed some sort of a vehicle that did not have the

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detail of those Conventions, but embodied the essence of freedom of association and collective bargaining. Quite a few years ago when Jean-Jacques was still our leader, I said to him: “Can we not develop a list of labour rights principles that do not have the detail that prevent a lot of countries from ratifying, including my own?” He said to me: “You cannot do it.” Because they had tried in the case of the Yaoundé negotiations with the Africans and the Caribbeans to do just that: an essence of what they could expect of those countries to adhere to, not the details but they tried to draft this ... what later, I do not know whether he named it that or I named it “A cocktail of labour rights”. They could not negotiate it, I tried out the idea on so many people and I remember I took to lunch this Greek professor, whose name was ... really a sort of a guru for the ILO on international labour rights.

**Interviewer** – Working in the ILO?

**Mr Katz** – No, he was not working ... he was working outside the ILO but very well known in the ILO, and he said: “You cannot do that.” And then I realized that the problem was that the whole issue of standards was based on a very legalistic, lawyerly approach to rights and that this prevented the acceptance of the principle which might have various forms of implementation or translation into legislation.

The reason became even more pressing to have something like this, in other words, that would not be a legalistic document but as we later said a political document. This became pressing, as the normal protectionist biases of a number of trade unions who saw that their particular old trade union jobs were being lost to international trade and competition and a number of industries, like the textile industry in the advanced countries, would want protection, and that form was the old form of the social clause going back to the nineteenth century, which was seriously discussed and under consideration when the original Constitution was debated in 1919 and rejected, but was a constant theme in the background like the Loch Ness monster; it would keep surfacing and it surfaced again ...

Well the social clause was stymied by the ... I think it was called the [WTO] “Singapore Declaration of 1996”, when less developed countries said: “Keep your labour rights out of the WTO, that is the ILO’s job”. ... The question was what can we do to develop something that would head off this drive? I first, I

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told you, tried it out here on a number of people and then presented it to the ... (remember I was President of the US Council) to our International Labour Policy Committee. Our Chairman was Frank Doyle, of General Electric, who was a superb chairman, very knowledgeable on the whole issue of labour law and international labour rights, and a man very well known to the trade unions and very highly respected.

We had a first shoot-out in our committee where some people were saying: Isn't this going to get us into trouble? They will be aiming at American whatever. Anyway we passed the thing as a US Council proposal and Frank Doyle and I went to see Sweeney because we realized that we needed AFL-CIO on board. Sweeney was very interested but was concerned about this undercutting the standards, which of course is one of the arguments. You have a bunch of standards, you have legal documents ... is this going to undercut them? I think our arguments were persuasive and he said: "Alright let us go ahead and see what something like this would look like".

Our draft, which was very simple and similar to the actual conclusions ... we took ... I remember negotiating in Washington headquarters of the AFL-CIO. I left them the details of the fine points of drafting. Ed Potter and their lawyer Hyatt, I think his name is ... anyway. When we had this we surfaced it in the ILO and had to first convince the Employers; the Workers were a little more reticent, I forgot the exact sequence. The real problems were developing countries, Pakistan I remember, Egypt, one or two others. I spent a lot of the Council's money wining and dining people, to convince them that this was not a trap to bring protectionism. They were afraid that this was a backdoor way of introducing a social cause and we said: "No, on the contrary it is the way to avoid the social clause". We then had a resolution on this and ... we passed the resolution which ended up in the unanimous vote on the Declaration in the ILO. The exact sequence, the dates I do not remember offhand. We passed two such resolutions; the other ended up in Convention No. 182 on "the worst forms of child labour".

The way that came about was in our Employment Committee we were looking for an agenda item and I said: "We have not discussed child labour yet. Let us ask the Office to prepare a paper on child labour". One of the best documents I have seen come out of the Office was the report on child labour, which was presented to us. It was statistic-laden and all that; but the basic point being that yes, there is a

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Convention [...138...] on child labour – forget about it, because child labour is a function of poverty and you are not going to eliminate poverty or the economic factors that make child labour what it is. The more we looked into the child labour thing the whole idea of punishing countries by keeping out goods made by child labour ended up in a disaster for the children and an economic problem for their families. They had to be fired from well-lit, air conditioned factories where they earned a minimum, a modicum of pay, which enabled the family to survive, and when fired they went into prostitution. I mean this was a documented fact and I think it was in Bangladesh, in Burma where they laid off children because of trade measures. On the other hand, the report indicated that there was some egregious forms of child labour, which again, the best is the enemy of the better, and we needed something to deal with that, and we developed a recommendation in the Employment Committee and from that a resolution of the International Organisation of Employers and so we had the two resolutions which went to the Conference. So I feel very proprietary about both of those documents.

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**Interviewer** – Social Summit.

**Mr Katz** – Copenhagen. That is where I met Juan Somavia for the first time and I remember we had various meetings in his apartment in New York before the Summit. As I recall the only problem we had with Juan was at a certain point he wanted a business connection, a business affiliation with the Summit and he picked a cockamamie organization run by Giscard d'Estaing's brother; I forgot what it was called, but when I read its charter it was like a rival to the ICC<sup>3</sup>. He had a whole set of documents, a charter and everything, and when I read it I could not believe my eyes – the job of an enterprise is to provide employment!

It was not (laughing), I mean, in other words we are just almost, almost Soviet, well it was not Soviet in concept because their employment is to provide production for the State but the role of the enterprise is to provide employment. In other words, no matter what happens you have to keep the worker. I

<sup>3</sup> International Chamber of Commerce.

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remember at the time I was very active also in the ICC and I remember a meeting of the ICC Executive Committee when I said, “Look, you have got to do something”, to the French. “You have got to do something about this guy”. And I read part of it and they could not believe their ears because it was outrageous even from a French point of view. But he was the President’s brother, or the former ... I forgot whether Giscard was then in power ... I met Giscard on a number of occasions, I thought the world of him and he had a very different philosophy and I remember Juan and I were on the plane to Copenhagen, and we were both in first class. (How I got into first, why I was in first class I am not quite sure), but I told him: “Look, you are doing the wrong thing. You are alienating the organized business community. There is the ICC and the IOE” He backed off this ... I do not remember the details, he backed off and in Copenhagen we had a terrific afternoon session devoted to business; we had top executives, we had a very good programme lined up about industrial relations, the social responsibility of companies and so forth. And in terms of the actual documentation, we had our people in the drafting. I think it was Amanda Tucker, one of my labour persons who did a yeoman’s job drafting, arguing drafts and so forth.

Even before the Social Summit, the Swedes had called a sort of planning seminar in Saltsjobaden and that is where I met [Stephen] Pursey, who was then with the unions. I am not sure that I met him there or ... because I remember we had a bilateral meeting in Brussels between the IOE and the ICFTU, and Steve was the Chief Economist or something of the ICFTU and he made a hell of a lot of sense and we had a very productive meeting.

I do not remember which meeting took place first. No, I think that the Swedish meeting came later. The chairmanship of this thing was run by a Frenchman, an Assistant Secretary-General of the UN and a deputy who was a Pole, and a bunch of sort of academic types and then Steve and myself. And we pulled together. We had to deal with these types – I am telling you they were ... I mean off the wall ... not that Steve and I saw absolutely eye-to-eye but we saw that their ideas were cockamamie. The Chairman – I could not figure out his ideology. I kept saying he is as close to Jean-Jacques Rousseau– you know the general will and all that kind of crap. We had had these discussions and then they would

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give the thing ... remind me of his name, the American ILO Office guy who later became in charge of publications.

**Interviewer** – Dave Freedman

**Mr Katz** –And Dave would have to put the discussion into some sort of logical draft but he constantly kept coming back to our position. And to the horror of these Chairmen. So Dave played a major role in this thing, in preparing the documentation for the Social Summit.

I remember Pursey and I really hit it off. There was the time where I had to run up to the hotel room, look at the television, because Russian tanks were attacking the White House in Moscow. It is just go down to discuss this stuff and go upstairs and people are dying in front of your eyes practically, on television, the whole thing was on CNN – was just incredible – at least European CNN. And so the Social Summit came out with what we thought was, you know, pretty good language. Not great, but good, for a meeting of that sort and there were a lot of NGOs. I think the Social Summit came after the Earth Summit, I believe.

**Interviewer** – I guess it did.

**Mr Katz** –Because I was there with [Mary] Chinery Hesse<sup>4</sup> and there was some East-Asian labour leader doing the labour part of the tripartite delegation – that is another story entirely, but one of the things about the Earth Summit was Maurice Strong's approach to non-governmental organizations ... because he had a whole ... he had a separate camp out there of these NGO-types who were wild and woolly. I remember he was playing to that audience too.

Somavia picked up some of that and I remember a room full of these unshaven, unwashed types; (laughing) I am not exaggerating – who were briefed on what was going on at the Social Summit and their ideas and remarks were just incredible so ... it is one thing I learned about tripartism where we are very much on the same wavelength as the trade unions – keep these guys out of the ILO process. And,

<sup>4</sup> Deputy Director General of the ILO

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you know, we had a few near misses on that one. I still think the trade unions are with us absolutely, we have to put up with these NGOs in a UN context, we do not want them here. So that was the Social Summit.

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**Interviewer** – What do you think of the Decent Work Agenda?

**Mr Katz** – I do not know, I do not understand it. It was developed after my time, and I was not involved in it. When I got back into this game I tried to understand what does it mean? What does decent work mean? I was present when the group elected Juan and I remember Antonio Peñalosa organized a table d’hôte dinner. It was the Beau Rivage or one of those fancy hotels in the kitchen. Excellent dinner with Somavia and we were trying to find out what were his policy objectives, what was he trying to accomplish and we got absolutely nowhere. He kept coming back, you know how articulate he is, saying that his real strength was in bringing people together and solving problems by talking, cooperation and so forth. It has not been my experience coming back after five years that the house is any closer together than it was before.

I tried to understand what does decent work mean? He had a lunch. This was just before I left the GB, at which he had various guests who were here for some event. I think Jeffrey Sachs was here, a few other people from business and outsiders. He had quite a few important people, and he said: “Now what ... and he asked them – went around the table, “What does decent work mean to you?” He asked them for their reaction to the phrase and I said: Well, for me decent work – and he did not like this by the way – decent work is treating workers decently and we have too many cases of literally indecent abuse of workers in many countries, and this is something, you know, you have to train people to treat workers decently.

By the way, it was something that came up in a seminar of the employers in IBM headquarters, or their conference centre, and it was an idea that I wanted to get through the IOE, which is ... if I had had the time I would have pursued it and I mentioned it several times. We, especially ... it is not only ... we feel it in the United States when the animus against trade is fed by terrible examples of mistreatment of

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workers in the countries like Salvador or some of the other supplier countries. The AFL–CIO will feed this stuff to the press. It is our idea, that the problem is if it is a company in the supplier chain of one of our multinationals, the chances are that the local manager is treating workers the way local people treat their workers and that is, as you know, in many cases almost barbaric and we ought to have a training programme for local managers.

You may remember Amanda Tucker, who was my labour staff person. We peeled her off to work with the IOE on child labour to prepare the manual on this thing. She later went with Nike to deal with their companies in South-East Asia. She became the head of production of the whole Nike operation there, not just industrial relations but ... the idea, and this was mine and Kevin Becraft of IBM – unfortunately he died – that we ought to have an IOE, a US council and then an IOE programme on decent work; I mean how to treat workers decently: women going to the bathroom, you know I mean little things like that, opening the doors so that in case of fire they can get out. We had a problem in a big poultry operation, in the south, in which workers were burnt to death because the exit doors were locked, right back to the Triangle shirtwaist factory fire. This was poultry but this happens in developing countries. So I said to Juan: “To me decent work means treating workers decently”.

Obviously this did not satisfy him and he had a bigger concept in mind, which I have never ... you know grasped. Is it the traditional union job à la Germany that is decent work – is that decent work? I do not know. So I must say it is a mystery to me. I do know that sometimes it has become a mantra.

I was at a G8 Labour Ministers’ meeting and a lot of the ministers, except the US, Britain and Russia representatives, by the way this was in Moscow, in their interventions repeated decent work, decent work ... you know these little gadgets in which you count how many people go into a room and I think it was the Italian who had the largest number of uses of the phrase “decent work”. I do not know that it is any more decent in Italy than anywhere else.

**Interviewer** – One last question. Major disappointments during your stay, during your association with the ILO?

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**Mr Katz** – (long pause) I would say that even after coming back here as President [of the IOE], I do not think the Organization is yet with it and I made the point in our dinners with Juan. I think, you know, people say globalization is inevitable and so forth. Just read the newspapers in my country. You know the presumptive successful candidate for President [of the US] is in effect saying “The hell with international trade”.

**Interviewer** – Why?

**Mr Katz** – Why? Because he is pandering – first of all he comes from a left-wing background. OK, but you can be left-wing and keep your mind open, but it is basically the same issue that we faced in the high-level meeting, which the Russians, in their submission to the G8, said so eloquently: “The focus must now be on employment security and not job security”. It is a shorthand way of saying in times of rapid change the worker may have to realize or **has** to realize that he may have to have several jobs in the course of his lifetime; which is an easy thing to roll off your lips but can be very difficult; and certainly from the point of view of the union bureaucrat, who depends on the dues of the worker, is not a welcome thought but which means if you are going to do employment security it means concentration on education, and skills training and retraining.

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So the house, if you say what is the massive – what is the major disappointment it is the underlying tensions which I hope are not inevitable of tripartism ... that are a drag and prevent the house from really fulfilling what I think is a vital role in international institutions.