A Seeming Injustice

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A farmer began to think ahead to harvest in September. It was only April at the time, but he had been reading forecasts of an imminent labor shortage; so he went around the town and engaged ten workmen at four dollars an hour for the harvest season to come. The forecasts were wrong. Labor was a drug on the market by the time that harvest rolled around; so the farmer went out and hired ten more workers at two dollars an hour.

They all did the same work, but when the farmer paid them, he paid the people hired in April the agreed wage of four dollars an hour, and he paid the people hired just before harvesttime the agreed wage of two dollars an hour. As one might expect, there were protests and claims that the farmer was unfair. An arbitrator was called in. He examined the case and found in favor of the farmer.

"There is a *seeming injustice* in paying some laborers four dollars an hour and other laborers two dollars an hour for the same work," he observed, "but the farmer may well be commended for keeping his bargain with the laborers hired in April. We cannot condemn him for paying the going rate in September to people who would have otherwise probably gone jobless."

I

The arbitrator's reasoning was sound. September's labor market is not April's. And neither, we might add, is California's labor market Karachi's. Separation in space makes just as large a difference in social and economic conditions as separation in time.

The "seeming injustice" to which the arbitrator referred looms ever larger on the horizon of every organization that attempts to carry out its operations across the boundaries of nations, classes, or cultures. To people hired from labor markets in "the developing countries" there is a seeming injustice in the circumstance that their imported colleagues receive pay that is related to the labor market abroad more closely than to the labor market in the developing land where the work takes place. It is easy to see why they should feel that way.

Teachers, physicians, preachers, and businessmen who are natives of the developing areas are paid the going rate in their local labor market, whereas the workers who come from overseas are paid the going rate in their developed homelands. This can lead to situations in which a native teacher receives the equivalent of one hundred dollars per month while an overseas teacher with apparently the same credentials receives three hundred dollars per month for teaching in the same school. Such a condition generates ulcers and there is sometimes an understandable reluctance to discuss it. But since undiscussed issues are the kind that explode, my article is an attempt to defuse a potentially dangerous situation.

It is now generally accepted in modernized countries that women should be paid the same amount for equal work, but it took a long time for the injustice of inequalities of pay for men and women to be overcome. In dealing with the different pay scales in an international, cross-cultural operation, however, we are not dealing with an injustice — it is only a seeming injustice. What seems to be the case cannot be safely ignored. People respond with more vigor to what *seems* than to what *is* in many cases. Consequently, we are dealing not so much with a matter of budget-balancing as with a problem in communication and public relations.

The native worker reasons thus: "If those imported experts really came out here to help the people, they would be willing to live on the standard of consumption that the people here are forced to accept." Meanwhile, the "imported experts" are thinking that the locals should be so grateful to be given employment at the going rate that they would be willing to accept the difference in wages without complaint. Both lines of reasoning are superficial and childish. It is damaging to one's sense of dignity to have a colleague with whom one works receive considerably more pay. Likewise, a person who leaves his homeland to go out and extend a hand to the poor does not deserve to be reduced to the level of poverty on his return. If poverty is an evil, we do not fight it by adding to the number of people caught in its web.

The only satisfactory solution is to make sure that both classes of laborers understand why they are employed, why they are paid what they are paid, and why the amount paid to the person from the developed nation's labor market must be greater than the amount paid to the person from the developing nation's labor market.

II

And what are the reasons for this difference? First of all, let us ask why the native laborer is paid less. The reason is an economic one. The enterprise carried on in the developing country has to fit into that area's cost-price index, including its labor market. If it pays laborers more than the going wage, it will have to charge more for its product and will price itself out of the market.

But doesn't this preclude the hiring of imported workers? In a given area of expertise, it would if the imported workers produced the same quantity and quality of work that the native workers do. But this is not the case. If it were otherwise, the imported worker would not be needed.

There is an understandable desire on the part of workers to have their pay tied to their age, seniority, and formal education. For purposes of planning, it is comforting to know that as one gets older, more experienced, and more scholastic credits, his income will be larger. But there is also an understandable desire on the part of employers to keep the enterprise going. This means that they must not tie pay to age, seniority, and formal education alone, or their labor costs will drive them into bankruptcy. They have to relate the pay they offer to the productivity of the laboring man's efforts.

What seems to the laborer to be an example of injustice, then, in reality is a simple necessity in a developing economy. On first glance it seems that this kind of situation should be amenable to a peaceful understanding. I believe that it is, but the achievement will not come easy.

For one thing, there is an understandable reluctance on the part of many workers to have the amount of their income revealed. Employers have to conform to this desire on the part of their employees if they wish to retain their services. This means that the salary scales of the imported workers are frequently kept secret. Secrets often generate rumors, and rumor is the deadly enemy of good public relations. Native workers hear horribly inflated figures for the imported expert's wages and also hear that the differential in pay is a pure and simple case of racial and cultural prejudice at work.

The only solution is for the imported workers to agree to have their financial settlement brought out into the open and explained. Whoever does the explaining must be both frank and tactful. He will have to explain the difference between developing and developed countries, the difference between one labor market and another, and the increased costs that a worker who goes overseas and then returns must bear. Cutting down on the secrecy will solve most of the problem, distasteful though it may be to the imported workers, and a full explanation will solve much of the rest.

For a beginning, it is never wise to have two payrolls. The native and the foreign worker should receive the same *basic* pay for the same kind of work, and whatever the overseas person receives in addition should be termed an "overseas allowance." It must never be tied to race, culture, or nationality.

All of this means that the employer who wants to be both solvent and fair will have to pay attention to how people react to his methods for achieving both goals. This is nothing more than the concern for one's neighbor that Jesus recommended. A steady and holistic look at all of the interests concerned, coupled with integrity and candor, can permit an overseas enterprise to make the contribution that it wishes without falling afoul of national and cultural jealousies.

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