

# INDUSTRIAL RELATIONS

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*Statement on Industrial Relations issued to the Press on the 17th January, 1947, by the Industrial Committee of the Institute of Public Affairs—Victoria.*

In 1945 the magnitude of industrial disputes was the greatest for nearly twenty years. 2,120,000 working days were lost through strikes and work stoppages. It is certain that, when the final figures are amassed, 1946 will prove to be vastly more disastrous than 1945. 1947 has commenced ominously.

*In their economic effects, industrial disturbances in Australia are of a severity possibly unparalleled in any other democratic country.* Over the seventeen-year period, 1927-43, as a result of industrial disputes, Australia lost an average of 1,174 working days per year for every 1,000 employees engaged in mining, manufacturing and transportation. Over the same period, and in the same sections of industry, Great Britain lost on average 295 working days per year for every 1,000 employees, the U.S.A. 717, Canada 247, New Zealand 186 and Switzerland 83. The need for a complete overhaul of industrial relations in Australia is manifestly clear.

## NEW SPIRIT REQUIRED

To bring about a better state of industrial relations two basic conditions are necessary.

First, the machinery for the prevention and settlement of disputes, threatening or existing, should be efficient and adequate:

Second, the likelihood of disputes occurring should be reduced to a minimum through steps calculated to build goodwill and confidence between employers and employees.

Today most suggestions for industrial peace concentrate mainly on the former—although the latter is by far the more important. *The most perfect machinery for settling disputes will avail us little unless industrial relations are infused with a better understanding and a fresh spirit.*

In the past the basic concept underlying the conduct of relations in industry has been that the interests of employers and employees are inevitably in opposition—that which benefits the employer must be to the detriment of the employee, and conversely, that what is to the advantage of the employee must be to the disadvantage of the employer. This traditional approach to industrial problems must be abandoned. We must now move rapidly towards the conception of industry as a partnership, as a co-operative enterprise, in which the interests of the partners are recognised to be identical.

*The war between profits and wages must cease.* Reasonable profits must be accepted as necessary to good wages and equally good wages as essential to reasonable profits.

Maximum production must be recognised as the condition precedent to an advance in the real welfare of labour, the employers of labour and the consumer; restriction of production, whether imposed by capital or labour, as their common enemy.

Leaders of labour should learn to look upon their task not primarily as one to gain benefits for the worker at the expense of the employer or the consumer, but as one of co-operation with the employer to raise the efficiency and general effectiveness of industry in the interests of all. Employers should learn to look on their work less in terms of profits and more in terms of the provision of a satisfactory livelihood and way of life for their employees and of serving the consuming public through the provision of the maximum output of goods at minimum prices.

#### CAMPAIGN OF INDUSTRIAL EDUCATION

*To these ends a great campaign of industrial education is overdue and should be embarked upon forthwith.* In this campaign the leaders of labour must take a central part, for by and large they are the only ones whose words will carry conviction with the workers. Employers on their side must overcome the suspicion surrounding their activities by the

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provision of the fullest accurate information to both their employees and the public, and by intelligent contribution to the national objectives of full employment, social security, equality of opportunity, and the elimination of poverty. *They must also undertake the education of their own members for economic and industrial misconceptions are by no means confined to the ranks of labour.*

## HIGHER MORAL TONE

But as well as a new and better understanding of industrial economics, relationships in industry must be inspired by a better spirit and a higher moral tone. *At the present time there is abroad a dangerous and destructive spirit of cynicism and bitterness.* Old-fashioned virtues of honesty, personal responsibility, respect for the sanctity of agreements, must be revived. For this revival of the spirit of service and sincerity and honest dealing the leaders of both labour and capital must accept a prime responsibility.

So far as the machinery of industrial relations is concerned, the I.P.A. puts forward the following suggestions for its improvement.

## OVERHAUL OF ARBITRATION

The system of compulsory arbitration has in certain respects served the Australian community well. *But it has serious weaknesses and deficiencies.* The road of improvement lies not, as is commonly supposed—except in special instances—through government intervention, legal prohibitions and compulsions, and the threat of drastic penalties for infringement of industrial laws. *Three major purposes should underlie any reforms that may be made. First, the machinery of arbitration should be simplified and made less unwieldy; second, legal forms and procedures should assume less importance; and third, the emphasis of reform should be on conciliation rather than on arbitration.* The very existence of arbitration instrumentalities, while imperative, is a standing encouragement to industrial disputes and to bad relations in industry. *Before legislation designed to establish improved machinery of con-*

*ciliation and arbitration is passed, the Government should attempt to gain the unqualified support of both employer and employee representatives for its provisions.*

#### DETERMINATION OF STANDARD WAGES AND HOURS

In particular, the present methods used in the determination of standard wages and hours should be altered. *For instance, the setting of the basic wage level should not be the subject of, nor should it have to wait upon, a dispute between the parties to industry.* It should be determined at regular intervals—say every three years—primarily on the basis of the trend in industrial productivity. *If some more or less automatic means for the determination of the wage level acceptable to both parties to industry can be arrived at, a big step forward to industrial peace will have been achieved.*

#### FRAMEWORK OF CONSULTATION

*The conception of industry as a partnership requires among other things a vast extension of the principle and practice of joint consultation between representatives of the workers and of employers at national, State, industry and factory levels.* Possibly National and State Industrial Relations Councils consisting of representatives of employers and unions should be constituted on a formal basis with provision for regular meetings. In the factory consultative councils, works or production committees or similar bodies should become the general rule and the representatives of labour on these councils should be provided with comprehensive information of the policies and finances of the business concerned.

#### LEADERSHIP

*Above all, what is required in industry today is inspired, imaginative and great-hearted leadership.* So far as private enterprise is concerned there is an increasing tendency to look to those outside industry, such as Government representatives and industrial courts,<sup>5</sup> for guidance and leadership. But the captains of industry, the employers on one side, on the other the representatives of labour, must learn to compose their own differences and to sail their own ship.

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## A NATIONAL CONFERENCE

The I.P.A. over the last eighteen months has consistently urged the organisation of a nation-wide conference between employers and unions to discuss the special industrial problems of the post-war, and to lay down an acceptable basis for a better era in industrial relationships. The services of the I.P.A. are at the disposal of industry in such an enterprise, which should review the whole field of industrial relationships and be primarily concerned with the longer-range issues. These suggestions are put forward in a sincere desire to substitute for the present grave situation of constant unrest and misunderstanding a condition of friendship and of justice to all in industry.

