

A Programme for Industrial Improvement

This article was prepared for publication in the next issue of "Review." After consideration the Editorial Committee thought that, in view of current circumstances, it would be a mistake to hold it over. Accordingly, the Committee decided to include it as a special article in this issue.

Industrial Turmoil

THE industrial situation in Australia has rarely been more serious in its political implications, or more destructive of material, social, and moral standards, than it is today. There have been years—but only one or two—in which the working days wasted by strikes and lockouts were greater than in 1945 and 1946,* but there has seldom been a time when industrial morale was so low, the desire to do good work was so lacking, and the atmosphere of industry was so charged with suspicion and hostility and sullen unyielding resentment. We are sliding into a production depression of dangerous proportions. No comforting official statements about full employment, the state of the nation's finances, the overseas balance of payments, or the prosperous condition of the export industries, serve to conceal the difficulty confronting many families in balancing their budgets, the unparalleled discomforts of the overburdened housewife and mother, the decline in quality and workmanship of many manufactured articles, or the obstinate fact that the costs of houses, furniture, clothing, motor cars and many other goods are about double what they were in 1939. After living several months in Australia an astute and experienced observer from Britain was moved to say, "As a nation you are wet, wet through and through."

What can be done about it all? There is no shortage of prescriptions. Some see the remedy for industrial dislocation in a reduction of taxes, some in a universal application of profit-sharing, others in an

*It is not improbable however that 1947 will constitute an all-time record for loss of working time arising from strikes.

overhaul of the arbitration machinery, still others in the prosecution of the inciters and ring-leaders of strikes. There are even a few misguided souls who believe that a return to the pre-war "pool of unemployment" would solve all the nation's troubles—except those of the unfortunates who would comprise the pool.

No One Simple Solution.

There is of course no one simple solution for the industrial unrest dominating the post-war Australian scene. It is time that this was thoroughly grasped. No realistic approach to the problem is likely until it is grasped. Industrial disturbance is a disease with a great number of causes, and the complete and final cure has not yet been disclosed either by those working in the research laboratories of the social sciences, or by those whose knowledge of the problem has been gained in the hard disillusioning school of experience. It is a problem to be tackled on many fronts and it requires the application of many weapons.

Many people are becoming disheartened and dispirited by the continuation of the post-war chaos. A feeling is now growing that it is more or less inevitable and that little can be done about it. In Australia we have slipped so far down into the abyss of industrial hostility and conflict that many look askance and rather hopelessly at the long and difficult climb back. This is a dangerous, even if an understandable, attitude. So long as people continue to throw up their hands and say what can we do about it, so long as pessimism and hopelessness pervade the approach to the problem, so long

will a cure be postponed. It is true that the task is surpassingly difficult. It is true that the climb back is long and arduous. Industrial peace is not going to be achieved in a day; but there are some things that can be done—some of them immediately—which hold out prospects of replacing the existing chaotic state with a reasonable degree of order and stability.

Two Basic Causes of Unrest.

The post-war industrial unrest in Australia springs from two basic causes. The first, and in the immediate sense, the dominant cause, is the organised agitation and the shrewd planning of the Communists whose objective is to overturn completely the British way of life that is our heritage in Australia and to substitute a regimented brutal tyranny of foreign extraction. The second cause, although overshadowed during the last few months by the dominance of the first, is the more fundamental. It is to be found in the unhappy and unsatisfactory state of employer and employee relationships in both private and public enterprise. This cause is the more fundamental because the power of the Communists is very largely due to the misunderstanding and suspicion existing between employer and employee. The Communist movement thrives on dissension between the two parties to industry. If that dissension could be removed Communism would quickly be drained of vitality and life.

Communist Cause.

How is the Communist menace to be dealt with? That is the immediate problem. Plainly it would be wrong and defeatist to sit back and hope that Communism will over-reach itself or work itself out of our industrial system. In the long-run that is possible. But in the meantime, perhaps for many years, industry would be disrupted, production curtailed, and standards of comfort and life undermined. And in any case, in the

words of one of the most famous men of this country, the late Lord Keynes, "In the long run we are all dead."

What can be done then immediately to counter the activities of the Communists? On this point there is great divergence of viewpoint about the right steps to take.

Broadly there are three schools of thought. The first would virtually say that the best thing to do is to do nothing, in the hope that the unions under Communist control will be irresistibly forced, by the pressure of events and public opinion, to the arbitration court to settle their grievances and to abide by the court's decisions. That is the line at the moment of officialdom and Labor leaders. It may be a wise policy if timidity can, under certain conditions, be wise. But it is not a policy that appeals to the great majority of the people who are compelled to suffer meanwhile the discomforts and inconveniences arising from the Communist activities.

Then there are those who would go to the other extreme to deal with the Communists. Generally their proposals can be reduced to two—the imposition of crushing financial penalties upon unions indulging in direct action at the behest of Communist leaders, and the prosecution and possibly imprisonment of the ringleaders themselves. This course of action may be courageous but is almost certainly not wise. It might well, and probably would, lead to even worse evils than it is designed to cure.

Governments Should Arouse Public Indignation.

There is a third course somewhere between these two extremes which does not possess the disadvantage of being either too timid or too reckless. It requires that the Governments of the Commonwealth and States should be continuously and unrestrainedly outspoken in condemnation of the Communist objectives and tactics, and

that they should take what immediate steps are desirable to offset the consequences of Communist activity and to minimise the sufferings and discomforts of the community.

Since the end of the war when they could have been arousing public indignation against the extremists governments have been notably silent. Only under pressure of the acute emergency in Victoria in April and May was the Victorian Government moved to indict the Communists in really strong terms. And even then one had the disquieting feeling that it was pulling its punches. The Commonwealth Government said practically nothing and made no serious attempt to stir up a vigorous nation-wide public opinion.

But it is not enough for a government to condemn an evil; it must be prepared to take steps to deal with its consequences. If services under the control of the State itself, essential to the well-being and health of the community, are threatened with cessation or drastic curtailment the State is obliged to do what it can to ensure the continuation of at least a minimum of those services.

Two Weapons

For this purpose two main weapons are at hand—the secret ballot of a truly representative register of union members and the employment of volunteer labour. The reasons advanced by the Victorian Government for its refusal to use the secret ballot as a first weapon of attack in the recent crisis are anything but convincing. If, for instance, a secret ballot had been taken of railway employees on the question of whether or not they desired to return to work, the probability is that an overwhelming vote would have been cast in favour of resumption. Such a vote would have had far-reaching consequences. It would have affected not merely the whole course of the dispute but also the course of

future disputes. Because the secret ballot appeals to the great majority of people as an eminently sound, fair and democratic way of settling an issue, it was well worth a trial.

The other weapon—the employment of volunteer labour or possibly resort to the Defence services for labour—is not without its risks but the risks are on balance worth taking. It has been used with success by a socialist government in England and on the surface there seems no reason why it should not be equally successful here.

The essence of coping effectively with the immediate activities of the Communists lies in vigorous intelligent government leadership, a leadership from which all taint of appeasement is lacking. The best time to deal boldly with the disrupters is now, not when they have grown in strength and authority.

Really Effective Cure.

When all this is said it remains true that the only really effective manner of overcoming the threat of Communism in Australia is to tackle in a big national way the task of establishing a reasonable partnership of mind and effort between the overwhelming numbers of decent employers and workers. In this task three parties are concerned and the efforts of all are necessary if much is to be achieved.

- (1) The governments of the day from whatever parties they are constituted;
- (2) the trade unions; and
- (3) employers through their representative bodies and associations.

The Responsibilities of Governments

In the first place governments should lead. They should set the tone and pro-

vide a national atmosphere conducive to the growth and maintenance of industrial harmony. They should uphold to the full the authority of their own industrial tribunals. They should preach the doctrine of the community of interest between employers and employed whether the former is the State itself or private enterprise. They should refrain from antagonising the worker against the employer or the employer against the worker and urge the necessity in the national interest of good industrial relations. They should have a clearly defined policy for the building up of good relations in industry, and even though it might be—and probably would be—inadvisable for many aspects of that policy to be put into practice through legislation, they should ensure that it is not just something on paper for the information of their own particular party members but is well understood by the whole community. They should be unflinching in bringing home to the public hard economic fact even when the truth is, as it must often be, unpalatable. To this end governments should endeavour to ensure that the public is well apprised of the economic situation and of its needs from time to time.*

In the second place governments should see that their economic and financial policies are not such as to lead to, or aggravate unnecessarily, unrest in industry. Recent experience has shown for instance that an over-high level of taxation can be a powerful cause of frustration and dissension in the industrial sphere. The policy of wage-pegging pursued by the Commonwealth Government has also substantially increased unrest in Australia since the end of the war. The relaxation of wage-pegging came too late and when it did come it was made in a manner which caused great confusion. In this as in other respects, the financial policy of the government has been unnecessarily cautious.

*A good example is provided in the issue by the Labor Government in Britain of several important White Papers on the economic position of the nation.

Thirdly, the State should ensure that the legal machinery it provides for the prevention and settlement of industrial disputes is efficient and adequate, and of such a nature that it contributes towards, rather than detracts from, good relations in industry. It should not be frightened to experiment with this machinery so long as the changes made are the result of exhaustive study and reflection. It is doubtful whether the Act amending the system of arbitration recently introduced by the Commonwealth Government, is the outcome of the intensive thought and broad understanding which this vital subject requires. It gives the impression that it was over-hurriedly drawn up on the basis of a few brief conferences between government representatives and those of labour and employers. Here was an ideal case—perhaps one of the few—in which legislation might, with great advantage, have been preceded by the comprehensive work of a Royal Commission making use not only of Australian experience but of the recent developments in thought and practice in other democracies.

But whatever machinery of conciliation and arbitration is provided by governments it is their duty to make clear that that machinery of itself cannot ensure good relationships in industry, and that the real task of achieving understanding and goodwill is one for the parties directly concerned.

The Trade Unions

Taken as a whole the trade union movement has been inclined to wash its hands of all responsibility for the improvement of industrial relations. Its attitude has been that that is the job of the employer, and if relations are bad, then the employer must bear the blame. This may have been true in the early days of trade unionism when the movement was comparatively weak and unorganised, its legal status uncertain, and its function was almost wholly that of protecting the worker against the excesses of the bad employer.

But it is not true under today's conditions where trade union membership embraces nearly 60 per cent. of all workers and the movement forms the backbone of a great and powerful political party. We are no longer living in the days of "masters and men"—although some employers and the majority of trade union leaders would seem to think so. Today the worker is not seldom the master and we are moving more and more toward the conception of labour as a partnership in industrial enterprise of a status equal to that of management and capital. This trend is wholly desirable. But it is not consistent with the continuation into modern times of the frankly sectional character of early trade unionism and the more or less protective and negative character of its policies and its attitude to society as a whole.

While the main initiative for achieving good relations must still remain with the employer it cannot be too strongly stated that a real partnership of mind and effort in industry will remain a remote ideal unless the unions are prepared to collaborate to bring it about. And this collaboration will not be forthcoming while many union leaders cling to the belief that the interests of trade unionists can best be served by promoting opposition and if necessary outright conflict between employers and workers. Under the circumstances of the present where there is little if any surplus of the national cake available for redistribution, a trade unionism of that kind is contrary to the real interests of the people it professes to serve. If the trade union movement will now make one with employers, in both private and public enterprise, in increasing the efficiency and productivity of industry, in raising the status and dignity and sense of responsibility of the worker in his occupation, in promoting his security, in educating him in the hard economic and financial facts of industry, and in ensuring continuity of production, then a rapid and dramatic advance in the standards of life of the community can be achieved.

All this requires a fundamental change in the trade union approach to industrial problems. Whether that change will be made depends largely on the quality of the trade union leaders. Are there sufficient statesmen and men of vision among them to develop the policy of the movement along the channels which will, in the middle 20th century, best serve the interests of the worker and the nation as a whole? The signs at present are not promising; but it is not beyond the bounds of possibility that if employers take the right steps and adjust their own policy to the needs of the times that trade union leaders of the requisite stature will be encouraged to make their appearance.

The Responsibilities of Employers.

The key to the situation is still largely in the hands of employers, although with the trade unions rests the power to decide whether it will be permitted to unlock the doors to a new era of industrial partnership.

Since the end of the war it is broadly true to say that employers have clung too tightly to the policies and the ideas that governed their approach to industrial relationships before the war. These ideas have proved to be inadequate to cope with the demands of the post-war situation. This of course is not true of all employers—perhaps, when considering them in their individual capacity, of the majority of employers—but it is true of employers in their representative capacity. And it is through their representative associations that guidance and leadership is provided and policy made and put into effect.

Employers are facing an entirely different set of conditions from those of ten years ago. Great changes have taken place. The economy of full employment is here and, with few dissentients, is accepted as desirable and necessary. The old disciplinary sanctions exerted by employers have lost a good deal of their force.

The high level of taxation and the immense expansion of social services have brought about a dramatic equalisation of real income. There are powerful new social forces at work all over the world. People are claiming not merely economic security, better conditions in their working and domestic lives, and a greater share of the product of the nation's work, but also wider opportunities, the elimination of unnecessary social privileges and generally a more dignified and self-satisfying way of life.

Employers require a new kind of industrial policy, one which will take full account of these new forces and ambitions. A famous employer in Great Britain, Mr. Samuel Courtauld put the position excellently in the following words:

“Employers must work genuinely and wholeheartedly towards bringing about a kind of life which will satisfy the legitimate aspirations of the people. If they will do a little hard, unprejudiced thinking they will see that many of these aspirations are not only just, but desirable in themselves and good for the whole body of the nation; then they will be able to work for them with enthusiasm.”

The representative bodies of employers should thoroughly overhaul their policies with a view to meeting the demands of this new situation. As a first step the task might be given over to specially selected committees manned by first-rate men and assisted by expert industrial advice. The policy should be thrashed out and defined in considerable detail and, when finally accepted by the controlling executives of the various organisations, steps should be taken to make each individual member of these organisations thoroughly conversant with it, with the understanding that so far as practicable he will endeavour to put its principles and ideas into effect in his own organisation.

No great amount of original research will be necessary. It will be a question of getting together and of weighing and assessing the relative significance of the great amount of work already done on problems of industrial relations. The main questions to be solved are already fairly clearly defined. They are:

(1) The extent to which it is right and practicable for employees to share in profits involving the matter of a fair return to the investor;

(2) The extent to which it is practicable for the individual business organisation to provide greater security of employment and income for its employees;

(3) The matter of the provision to employees of the whole range of information they require for an intelligent interest in the affairs of their industry;

(4) The provision of permanent machinery of joint consultation between representatives of employers and employees at all levels—plant, industry, State and national. A main objective of this machinery should be to extend voluntary agreements on industrial conditions over a wider and wider field, so that arbitration will come to be used, not as a first step, but only as a last resort.

All of these are big questions opening up a multitude of problems, but they are problems that must be solved if industry in this country is again to achieve a stable basis of industrial relations.

When the organised bodies of employers have re-adjusted their thinking and their policy along the lines just indicated it will then be up to the trade unions to show that they too are honestly desirous of raising the material and social status of the worker and not merely of preserving trade unionism as a vested interest fighting a never-ending and destructive conflict with employers.

