

The INDUSTRIAL CONFERENCE

AUSTRALIA has good reason to be pleased with the outcome of the industrial conference between the Commonwealth Government, the manufacturers and the A.C.T.U. held at Canberra on the 2nd and 3rd of August.

That the concrete achievements of the conference were both limited in scope and general in nature is no ground for criticism. A conference, hurriedly organised as was this one, could not be expected to reach agreement on other than broad principles—any attempt to achieve unanimity on detail would have almost certainly precipitated disaster. And even if the principles of national policy finally adopted were limited in number—and in some cases vaguely worded—the outside observer of industrial events in recent months could have been pardoned for wondering whether it was possible for employer and trade union representatives to see eye to eye on one single item affecting the nation's welfare.

All in all the results of the Conference vindicate the optimism and faith of those who so persistently urged that it should be arranged. The Conference showed conclusively that there is a common ground in industrial relations on which employers and employees can come together in amicable understanding and agreement.

VALUE OF JOINT CONSULTATION

The outcome of the discussions at Canberra provides proof of the value of the procedure of voluntary joint consultation as a means of assisting to solve industrial problems, and of the futility and danger of over-reliance on compulsory arbitration. In fact, the outstanding thing that emerged from the conference was the recognition that frequent consultations between employer and employee representatives are essential for securing better industrial relations. But, if the principle of consultation is essential at the top national level, it is equally indispensable at industry and factory levels. It is to be hoped that this agreement may prove to be the genesis of a system of industrial consultation which will embrace all levels of industry. This path, more than any other, holds out a promising prospect of achieving goodwill and understanding between the parties to the industrial process.

A NATIONAL INDUSTRIAL RELATIONS COUNCIL

It is most important that the pronounced intention of the Conference to hold similar meetings every six months should be carried out. Good intentions are notorious for their failure to eventuate. There is a real danger that when the hot pitch of enthusiasm engendered by critical conditions has passed, a thousand and one reasons will be found why it is impossible, inadvisable, or inconvenient for the parties to industry to meet. From this point of view it seems a big pity that the Canberra Conference did not go one further step and grasp the opportunity presented to set up a formal National Industrial Relations Council, with a constitution providing for regular meetings at six-monthly intervals and for special meetings when called for by national economic conditions.

INCREASED PRODUCTION

The declaration by all parties at Canberra that better Australian living standards can be achieved only by constantly increasing production of goods and services, while no more than a truism, constitutes one of the most significant achievements of the Conference. Although a few long-sighted union leaders have in recent months stated their support for increased production, this is the first time that the A.C.T.U. has officially given its backing to such a policy. The importance of this should not be underrated. It might yet prove to be a milestone in Australian industrial history.

Several methods for achieving increased output are listed in the joint declaration issued by the Conference—more efficient management, the introduction of up-to-date plant and machinery, the reduction of labour turnover and absenteeism, and the prevention of the abuse of sick leave. It will not be easy to reduce the incidence of high labour turnover and absenteeism under the present conditions of over-full employment. Something, however, can be done by appealing to the sense of responsibility of the more responsible elements of labour, and, in the long run, through a gradual process of worker education. The best immediate possibility lies in the rapid extension of factory works committees through which the workers' representatives can be asked to assume responsibilities for the improvement of labour discipline.

RESPONSIBILITY OF THE GOVERNMENT

No party to the conference, however, has a greater responsibility, and indeed opportunity, for increasing output than the Commonwealth Government. It is idle for the Government to appeal for increased production, if it does not itself endeavour to create an economic environment conducive to greater efforts by employers, management and workers. Employers will be enterprising, and management and workers will be efficient, where, and only where, they can see that their increased exertions will be compensated by an adequate tangible reward. The present restrictive level of taxation, particularly on the middle and higher incomes, is not consistent with a national drive for higher industrial productivity. There is here a chance for the Government to show that it believes in its own policy by making worthwhile reductions in income tax on individual incomes. There is also an irrefutable case for the elimination of the War-Time Company Tax and a strong case either for some reduction in rates of ordinary Company Tax or the elimination of the tax on undistributed profits. The War-Time Company Tax falls with disproportionate severity on younger companies lacking accumulated financial resources. It is a tax on enterprise and efficiency, it produces a comparatively small amount of revenue for the Government, and it should be abolished forthwith. There is no better way by which the Government can encourage the introduction of up-to-date plant and machinery than by ensuring that industry is left with ample reserves. It should not be impossible to devise a means of taxing companies by which a premium would be placed on the use of company income for the rapid replacement and expansion of productive equipment.* The next Commonwealth Budget should give this consideration.

The trade union representatives at the Conference proposed that income from overtime work should be tax-free to provide added incentive to the worker. While no possible means of providing the utmost inducement to increased exertion should remain unexplored, it is doubtful whether this proposal would be practicable from an administrative point of

*A method which to some extent embodies this principle is at present in operation. At the present time companies are permitted to write off 20% of the value of new plant as a deductible amount for taxation purposes. This, however, is an emergency concession aimed at assisting post-war reconstruction. It expires on the 30th June, 1950.

view or whether it would be consistent with basic principles of equity in levying taxation. Under the latest income tax schedules, the burden of tax on the lower incomes is not so heavy as appears to be generally believed. Under 1947-8 rates of taxation the average wage-earner earning, say, £6/10/- a week retains 16/- out of 20/- a week overtime, and 17/6 if he has a wife and two children.

THE SERVICE MOTIVE OR THE PROFIT MOTIVE

One thing is certain—the individual, whether employer, office executive or factory worker—will as a rule only put forth extra effort where he can foresee a satisfactory material return. Appeals to the broad motive of national service will not produce comparable results in time of peace to appeals to the good old-fashioned profit-motive. Mr. Aneurin Bevan, an extreme left-wing member of the British Cabinet, in introducing incentive payments into the British building trade, made the following pregnant remark: “It appears to be fundamental to all of us that we do not do our best work under sustained ideological inspiration. We have got to have some material reward.” This is indeed a striking admission!

STRATEGIC IMPORTANCE OF COAL

The Conference acted wisely in directing attention to the strategic importance of coal as the major bottleneck obstructing high level production in Australia. The statement, however, that this can best be solved by the recently appointed Joint Coal Board seems more of a pious hope than a policy. It is now well known that the tactics of the unions in the N.S.W. coal industry are to maintain a permanent seller's market for their product and to limit output to the point where it is impossible to accumulate the stocks necessary for properly-planned efficient production. The appeal to the coal miners to do their utmost was perhaps all the Conference could do, but this might well be followed up by a personal visit by the Prime Minister himself to the coalfields to place the facts of the nation's plight before the miners.

INCENTIVE SYSTEMS

In the past, official trade unionism has revealed an adamant hostility to the principle of “incentive payments.” The undertaking of the A.C.T.U. to investigate modern incentive systems to determine whether they would

be of advantage to the worker and the community is most encouraging. In Britain the union policy on "payment by results" appears to be undergoing a change under the force of sheer economic necessity, and in Australia in recent weeks there have been one or two hopeful signs that certain trade unions here are at least weakening in their resistance.* Now that the door has been opened, after having been firmly locked for many years, employers should be prepared to explore every possible means by which incentive systems can be made more attractive to the trade unions. For instance, there is no reason why the larger basic industries, which are still organised on time rates of pay, should not consider the possibility of introducing such devices as the guaranteed annual wage. There are many forms of incentive schemes, some of which would no doubt be more appealing to the unions than others. Also, study needs to be given to the means by which workers, to whom payment by results cannot be directly applied, but whose efforts are ancillary to those of workers on payment by results, can share in the bonuses of increased output. While employers in this country have been prominent in urging the general adoption of incentive schemes, it would be idle to pretend that they know the last word on the subject. The Associated Chambers of Manufactures, without waiting for the outcome of the A.C.T.U. investigation, would be well advised to appoint a special committee to accumulate and study all the information that can be amassed on "payment by results." On the other hand, it does not need to be stressed that the union investigation should be carried out with the utmost speed.

THE RIGHT TO STRIKE

The reported attempt by the employers to induce the unions to relinquish "the right to strike," for the next three years at least, was doomed to failure from the start. Formal bans on strikes have been attempted on one or two occasions, and have not produced impressive results. The best hope of reducing strikes to a minimum is to improve the spirit of understanding and co-operation in industry by steady advance to the point where the worker feels himself to be, and is in

*Some trade unions have accepted and worked under "payment by results" for many years.

Since this article was printed the A.C.T.U. Congress has repudiated the undertaking to investigate incentive systems but the executive of the A.C.T.U. is apparently endeavouring to have the matter further considered.

fact, a responsible partner in the industrial process. The more immediate question is whether the A.C.T.U. governing bodies are able to control their member unions. The experience of the post-war period is not promising. If the A.C.T.U. were prepared to introduce and to enforce adequate disciplinary sanctions against recalcitrant unions it would have behind it the support and goodwill of the overwhelming majority of the nation.

THE SECRET BALLOT

In this regard surprise must be expressed that the Conference apparently devoted no attention to the important subject of the secret ballot as a means of lessening strikes. A Labour Government in New Zealand has recently introduced legislation making secret ballots compulsory, and there have been some signs in Australia that opposition to secret ballots in certain union quarters is on the wane. One would have thought that the moderate right-minded union officials, who are in a considerable majority, and who are continuously harassed by the Communist element, would have been glad to at least consider the use of this weapon. The arguments raised against the secret ballot have so far been anything but convincing.

EDUCATION OF THE WORKERS

Another noticeable omission of the Conference was its failure to consider, particularly in the light of recent British experience, the vital question of bringing home to the rank and file worker the facts and requirements of the economic situation. The Prime Minister's appeal to each Australian for a new spirit and new vision of the personal importance of his efforts to the nation was entirely commendable. But similar appeals have been almost a daily occurrence in Britain over the last twelve months. The results have been disappointing. The difficulty of bringing home to the individual man and woman the urgency of the economic crisis, and his or her own part in meeting it, has proved to be the major obstacle to the British drive for greater production. The ordinary man is not in the habit of thinking on a national basis, and leaders in government and industry are too prone to assume that he is inspired with the same understanding of national requirements and the same sense of urgency as themselves.

This is a vast subject, and one which can only be touched upon here. It concerns the whole understanding of the com-

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mon man of the workings of the economic mechanism of which he is a part. One suggestion, however, may be made. The Commonwealth Government should make it a practice to issue yearly a White Paper, adapted to the understanding of all, on the facts and demands of the economic position. The annual Budget Statements are quite inadequate for this purpose. But the responsibility for worker education does not end with the Government. Employers and trade union officials have also a vital part to play.

This need has been drawn attention to in a commentary on the Conference by Mr. J. P. Ormonde, a member of the executive of the A.L.P. in N.S.W.*

“It is for the A.C.T.U. to tell the workers clearly and frankly why they agreed with the employers on the need for unity in industry. If the Government’s case was strong enough to influence the A.C.T.U. delegates, it should be strong enough to influence the workers.”

“During the war the workers were constantly being told of their prodigious efforts in production, and there is no reason why they should not be told some of the unpleasant facts of production now. If unpleasant things have to be said, it is time to start saying them.”

FOUNDATIONS BUT NOT A HOUSE!

The Conference was, on the whole, a success. If future conferences were to be approached in the same tolerant spirit and the same readiness to put the common weal before selfish sectional interest, in time Australian industry could be infused with a new spirit of good-fellowship and understanding.

The Conference laid good and broad foundations for the future—it could not hope or aim to do more. But foundations though an essential first step are, after all, only foundations. They do not constitute a house to live in. It is toward the erection of the house that efforts must be devoted over the next few years.

The Canberra Conference is a first-rate start. It is now incumbent on all parties, governments, unions and employers, to ensure that the journey to a better industrial order in Australia is continued with an equal determination to surmount the obstacles that will inevitably be encountered before the goal is won.

*Sydney Morning Herald, 7/8/47.