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Joint CONSULTATION

THE establishment of voluntary machinery for regular consultation between employers and employees on industrial policy is one of the most promising of all the means proposed for achieving industrial understanding.

The history of industrial relations is largely the story of the struggle of labour for an increasing share of the proceeds of industry. This struggle has been directed toward three main objectives—higher and more stable wages, reduced hours of work, and cleaner, healthier and more congenial working conditions. But today the centre of labour's interest is shifting. While the goal of material improvement is still prominent in the labour programme it has been joined by other aspirations, spiritual and psychological in nature.

One of the most serious accusations to be levelled against the modern industrial process is that it fails to satisfy the deeper instincts of the worker, his desire for self-expression and a measure of independence, his need of a task in life that makes full use of his latent talents and gives him a status of personal security, dignity and responsibility. With the broadening of popular knowledge through adult and technical education and through the agencies of the press, radio and cinema, and as

industrial processes have become more intensely specialised, this feeling of dissatisfaction and frustration has grown. It undoubtedly underlies a great deal of present-day industrial unrest, even though the immediate surface causes of disputes are still those concerned with questions of wages, hours and physical conditions of employment. In a series of articles on industrial peace that aroused immense interest in the United States, a noted student of industrial and social problems, Peter Drucker, reduces the causes of discontent in modern industry to four main categories. One of these is the psychological irritation and frustration set up by certain types of assembly work in the large mass-production plant.

PSYCHOLOGICAL STRESS

It should be noted that this psychological stress is peculiar to modern industry. The old-time craftsman could rarely have felt it. Politically he may have been much inferior in status to the present-day unskilled factory worker, but he was at least the master of his own daily task. He planned, executed and disposed of the product of his labour. His work called on all his skill, ingenuity and imagination and the final finished article was in most respects the result of his own individual efforts in which he was able to take a personal pride and satisfaction. While modern industry has made possible a vastly improved material standard of life and increased leisure for the mass of the people, it has greatly narrowed the compass and variety of work itself and has condemned increasing numbers of workers to a severe, hampering and sometimes soul-destroying specialisation in their everyday tasks. This is painting the picture in strong colours, but not too strong. Unless modern large-scale production can reconcile its necessarily specialised and disciplined processes with the legitimate human aspirations of the industrial worker for a broader, more dignified and self-satisfying way of life, there is little prospect of achieving a solid basis of industrial contentment and peace.

THE WORK OF G. S. WALPOLE

The problem has nowhere been better stated than by a managing director of a well-established engineering firm in Great Britain, the late G. S. Walpole:—

“The man who, in his domestic relationships, takes pride in being the ‘master of his own house’; the younger man who, at home or at his club, is the centre of family or friendly admiration; and the girl who is the very apple of her mother’s or her sweetheart’s eye, cannot readily adjust themselves to an impersonal industrial relationship in which they become merely numbers on a time card, cogs in the industrial machine. And they bitterly resent being required to do so. What will be sought, as industry gradually settles down to a post-war footing, is a relationship which satisfies the deepest-rooted of all human desires—recognition of the dignity of man as MAN: a relationship in which he can feel that he is, in a fundamental sense, a full partner in industry and not for so many hours every day the servant of an employer.”

The solution proposed by Walpole in his book “Management and Men,” which has come to be recognised as a standard work on the subject, is that of joint consultation. Basically it envisages taking the worker, through representatives which he himself elects, into the full counsels and confidence of the employer and management responsible for the direction of the enterprise by which he is employed. The machinery for the accomplishment of this objective is that of permanent standing committees with defined functions, which meet frequently and regularly, and on which sit representatives of employers and management

Joint CONSULTATION (continued)

on the one hand and of labour on the other. The committees would consider and settle grievances, enlist the workers' interest and assistance in promoting industrial efficiency, provide the means by which the workers could be made fully aware of the plans and policies of management and the opportunity for discussion and criticism of those plans, and in effect would embrace all industrial questions bearing directly or indirectly on the welfare of the worker. In Walpole's conception committees would be established at the factory level to deal with matters appertaining to the operation of the factory, at the industrial level to consider problems primarily of concern to the whole industry and at the national level for the discussion of national industrial and economic policy.

BASIC PRINCIPLE OF JOINT CONSULTATION

The basic principle underlying the conception of joint consultation is that both employer and employee have a common interest in the success of the business enterprise in which they are engaged and in the prosperity of industry as a whole. The employee is therefore entitled to be informed of all industrial plans and to make his contribution toward their improvement and ultimate success. He is not just a hired hand to be put on and off at the whim of the employer or as economic circumstances may dictate, but a responsible partner with a real stake in industrial progress.

Joint consultation in industry is, of course, nothing new. There is already, and in the nature of things must be, a considerable amount of discussion between employers and the representatives of employees—particularly trade union officials—on a wide variety of industrial problems. What is new is the conception of joint consultation as an organised integral part of the industrial machine to extend over the entire field of industry, to cover not merely a limited range but the whole ambit of industrial problems, with the employee recognised as equally concerned with employers and management—and participating with employers and management—in their solution.

EFFECT OF THE TWO WORLD WARS

The two world wars—1914-18 and 1939-45—gave rise to a great increase in the practice of joint consultation, mainly at the factory level. But in each case the enthusiasm was short-lived, and, with the return of peace, there was a tendency to revert to pre-war conditions.

At the end of the first world war Workshop Committees and Works Councils were active over a large section of British industry. A similar development took place in the United States. But in the twenty years between the first and second world wars many of these committees disappeared. However, in the 1939-45 war there was a considerable flowering of Joint Production Committees in Great Britain and of Labour-Management Committees with similar functions in the United States. Some thousands of Joint Production Committees, covering a large proportion of industrial workers were established in Great Britain, while in the U.S.A. it has been estimated that in 1943 there were 1919 Labour-Management Committees representing over 4,000,000 workers. These committees met with varying degrees of success. There were many failures, but by and large the consensus of informed opinion is that they made an important contribution to the maintenance of good relations during the war and the goal of all-out war production. All reports indicate that since the end of the war many of the committees have ceased to exist.

It is noteworthy that in Australia in neither of the two wars was there any comparable movement toward joint consultation at the factory level. What development did occur in this country was no more than a ripple on the surface of industrial relations. This was largely due to three circumstances—the indifference of organised employers, the apathy and in some

cases antagonism of trade unionism toward the idea, and the overriding fact of the dominance in Australian industrial relations of compulsory arbitration. The effect of the second world war was in general not to develop means of voluntary consultation but to extend the scope and authority of the machinery of compulsory arbitration.

THE WHITLEY COMMITTEE

Perhaps the outstanding development in the whole history of joint consultation is to be found in the work of the Whitley Committee which was appointed by the British Government in 1916 to examine methods for securing a permanent improvement in industrial relations. The Whitley proposals included a system of Joint Industrial Councils on an industry-wide basis, and also of Works Committees in individual factories. The work of the Whitley Committee has left an enduring mark on the structure of industrial relations in Great Britain. The Committee stated "that a permanent improvement in the relations between employers and employed must be founded on something other than a cash basis. What is wanted is that the work people should have a greater opportunity of participating in the discussion about, and adjustment of, those parts of industry by which they are most affected."

The closely-knit and comprehensive system of consultation proposed by the Whitley Committee did not eventuate. Nevertheless, there was an impressive development in the use of Joint Industrial Councils constituted on the lines of the Committee's recommendations. Between 1918 and 1921, 73 Joint Industrial Councils were established and today a considerable sector of the negotiating machinery in Great Britain on wages and conditions is based on Joint Industrial Councils,

which, however, vary widely in their nature and scope of authority. The Joint Industrial Councils comprise a large and important part of the system of collective bargaining which forms the normal process for the settlement of wages and conditions of employment in British industry.*

DEVELOPMENTS IN AUSTRALIA

While the British system of joint consultation may from the British point of view seem haphazard, defective, incomplete and falling a long way short of the comprehensive system visualised by the Whitley Committee, and in latter days by G. S. Walpole, through Australian eyes it appears an impressive and considerable structure. For in this country we have barely scratched the surface of this most vital field of industrial relations.

At the factory level there are a few examples—but they could almost be counted on the fingers of both hands—of works councils or production committees with a comprehensive range of activity. There are, of course, a vast number of committees touching on different aspects of the factory life of the worker such as canteen committees, safety committees, social and welfare committees. Although some of these may contain within themselves the seeds of true joint consulta-

*In the light of Australian practice and its emphasis on the principle of the "rule of law" in industrial relations, it is of interest to read the comments on the British method of collective bargaining in the Industrial Relations Handbook published by the British Ministry of Labour and National Service.

"The whole of this collective system rests upon the principle of mutual consent, and the value of the agreements and the machinery for settling disputes has depended upon the loyal acceptance by the constituent members on both sides of the decisions reached. This acceptance is purely voluntary depending solely on the sense of moral obligation. Loyal acceptance has in fact been the rule in all the trades concerned. Although the question has been raised from time to time of the adequacy of these methods, the view has always been taken that it was not desirable to adopt some alternative based upon principles other than that of mutual consent or to introduce any system of penalties for non-observance of agreements. Certain steps have, however, been taken in the interests of the community to encourage joint voluntary machinery and to assist where necessary in the settlement of disputes."

tion, generally they are far too restricted in scope to be dignified by that designation. There is practically no joint consultation in Australia at the industry-wide level. True, there is in Victoria and Tasmania, a system of wages boards composed of representatives of employers and employees and covering different industries. But these boards are created under statute, their scope is generally confined to questions of wages and working conditions, their determinations are legally binding on the parties concerned, and follow to a large extent those of the Commonwealth Arbitration Court. They are in no sense joint consultative bodies in the true meaning of that term. At the national level an attempt was made during the war to establish a joint national industrial relations advisory council, but after two or three meetings the council became unworkable and was abandoned.

REASONS FOR LACK OF INTEREST IN AUSTRALIA

Why has there been so little development in Australia in industrial joint consultation compared with Great Britain and other countries? In the first place employers by and large have shown little enthusiasm for the subject. In fact during the war the more less half-hearted effort to follow the British example in setting up joint production committees was opposed by some of the representative bodies and did not get very far. The feeling among Australian employers, apparently, has been that management is the sole prerogative of management and that it is under no obligation to discuss with the workers the reasons behind its actions. There is a fear that committees set up for this purpose might be used to undermine the authority of management and establish union or worker control of industry. On the other hand the trade union movement itself has so far shown no great enthusiasm

for consultative committees. Its lack of interest apparently springs from the fear that committees of this kind might trespass on the territory of unionism and might work to undermine and weaken its authority.

This explanation is not, however, sufficient to account fully for the small interest in joint consultation in this country. To some extent we would expect these reasons to be operative in other countries such as Great Britain where joint consultation has progressed much further than Australia. The overriding reason behind the small development of joint consultation in Australia is probably to be found in the dominating position of arbitration and of the principle of the "rule of law" in industry. The need for joint negotiating machinery has not been felt so acutely as in other countries where legal regulation of industrial relations is not so prominent. The supremacy of compulsory arbitration is, however, both cause and effect of the failure to develop voluntary machinery. There are good grounds for believing that in the minds of the founders of the system, and of judges of the courts, it was never intended that arbitration should be used or developed in such a way as to overshadow voluntary methods. For instance, in a notable judgment in the Metal Trades Case in 1929, Judge Beeby made this statement:—

"In 1926 I was impressed with the lack of co-operation existing between employers and employees, and urged that some effort should be made to form councils of consultation representative of employers and their workmen, with a view to arriving at some method of adjusting industrial differences by voluntary methods. My efforts in this direction, however, have not met with much success. . . . Even at this stage I urge upon the parties the necessity of establishing a Joint National Council, with district committees in each State, to consider the broad issues in which there is mutual interest, and to attempt to arrive at agreements similar to those which now operate in Great Britain."

LIMITATIONS OF JOINT CONSULTATION

Whether joint consultation even in its most theoretically perfect form would cure completely the psychological malaise of modern industry is highly doubtful. For one thing the

function of consultative bodies must in the main be advisory rather than executive in nature. Industry could not operate efficiently unless management retains the final authority to determine policy and to make decisions. But in spite of its limitations joint consultation remains one of the most promising of all developments in industrial relations, and of all the means proposed for achieving industrial understanding and co-operation.

A POLICY

Australia has done comparatively little in this field and it is high time that industrial circles awoke to its possibilities. This does not mean that an attempt should be made forthwith to establish a complete and unified system of joint consultation throughout Australian industry. Such an attempt would be doomed to failure. Joint consultation is something in which we must learn to walk before we run. Nevertheless, a beginning should be made. A few Australian companies have established true factory Works Councils with satisfactory results, and there is no reason why a large number of other industrial concerns should not follow their example. In fact every industry might examine itself to see whether its internal conditions are such that an experiment in joint consultation at the plant level might be embarked upon with prospects of success. In addition a new effort might well be made to set up a National Industrial Relations Council of employer and employee representatives to explore matters of common concern to both parties to industry. Such a body might examine the practicability of building gradually an industry-wide system of consultation along the lines envisaged by the late Judge Beeby in 1929. One thing is certain—there is no hope of establishing good-feeling and trust unless Australian industry learns to place less reliance on legal regulation of industrial relations and more on voluntary methods. It is here that joint consultation has a contribution of unique value to make to the Australian industrial scene.

