

# Triumph — or Disaster!

In the first half of 1948 the level of industrial production in the United States was over 70% above that of the pre-war years. The advance in production in Canada in the last decade is little less than the U.S.A. By contrast, industrial output in the United Kingdom is today probably only between 10% and 20% greater than before the war. It is difficult to estimate with any precision the increase since the pre-war years in total production in Australia, but a survey of data published by the Commonwealth Statistician suggests that it is in the region of 20%—perhaps rather more than less.

This estimate is given some support by the figures of black coal and steel production which, for the first half of 1948, were 9% and 8% respectively above the pre-war level. The following table illustrates in striking fashion the disparity in the advances achieved in the production of these two fundamental industrial products between the United States and Canada on the one hand, and the United Kingdom and Australia on the other.

## Steel and Coal Output.

	Average 1937-39=100	
	Coal	Steel
Australia .....	109	108
Canada .....	108	235
United Kingdom .....	91	124
U.S.A. ....	139	183

Source: U.N. Monthly Bulletin of Statistics, September, 1948.

It is largely because of lagging production in the strategic products of coal and steel that industrial output in Australia and the United Kingdom compares so unfavourably with the astounding leap forward achieved in the United States since the pre-war years.

## A SERIOUS DISCREPANCY.

These few simple, but significant, facts on production serve better to underline the basic economic problem confronting the British peoples than masses of complex and confusing economic statistics. Britain and Australia, which were well behind the United States before the war in productive achievement, have now dropped disastrously further behind as a consequence of what has happened in the war and post-war periods. Britain admittedly has had to contend with difficulties and burdens immeasurably greater than those of the United States. The same does not, however, apply to Australia. And even when all allowances are made for the drawbacks under which Britain has laboured over the last ten years, the discrepancy remains startling and distressing.

It is apparent that the British peoples throughout the world, are, quite apart from their pressing short-term problems facing a long-term economic crisis of the first magnitude. It is not one which can be overcome tomorrow morning. But it is one which must be well on the way to being solved within the next decade, if the British peoples are to remain a first class economic, industrial and political power. Economic retrogression, in the world sense, is not a matter of absolute decline but of relative decline—not a matter of going into reverse, but of falling further behind while going forward. *The difference between achieving a rapid expansion in industrial production over the next decade and continuing at the present snail-like rate of progress will, for the British peoples, be the difference between triumph and disaster.*

## ASTOUNDING REVELATIONS.

It can be said, without fear of effective contradiction, that the position in Britain is on the whole more encouraging, more fraught with hope and promise, than that in Australia. And this is so despite the fact that Britain is weighed down by immediate financial and economic burdens far heavier than those of this country. In fact, it is because of these difficulties, that the need for a gigantic effort to increase production and to raise the standards of efficiency of British industry has gained a much firmer hold on the minds of the English people than of the Australian. There are few, if any, responsible people in top circles in Britain who do not now realise that whether Britain will be able to support herself at a reasonable standard of life—whether indeed she will be able to survive at all as a great world power—when American Aid under the European Recovery Programme ceases, depends entirely on the level of productivity then attained by her industries.

This realisation has been helped tremendously by the severe blow to British pride of the astounding revelations over the last few years on the comparative standards of British and American industrial efficiency. It has been shown that man-hour output over a wide range of American industries is far greater than in comparable British industries—often more than double\*. These facts which are supported by an impressive body of authoritative data, and which are not now seriously disputed in any responsible quarter, have given rise to a renewed in-

terest in Britain in the problem of productivity which may well prove to be the beginning of an industrial renaissance.

## TARIFF BOARD REPORT.

It is safe to predict that unless a similar realisation dawns on the Australian people, unless a similar interest is awakened in the fundamental matter of production and we become infected with something at least of the new spirit stirring in Britain, Australian industry will shortly begin to lag dangerously behind British industry in industrial efficiency and competitive power. This statement is not exaggeration. It is lent some support in the observations of the Commonwealth Tariff Board on the metal trades in the United Kingdom and Australia. The Board says: "Statements of cost of production of the same commodities in the United Kingdom and Australian metal-working factories have frequently shown the average earnings of employees in the United Kingdom to be higher than in Australia; at the same time the labour cost per unit of production is often lower in the United Kingdom. The inference that Australian production per manhour is less than in the United Kingdom is inescapable. . . . Australian industry cannot be soundly built on the ground that Australian workers should produce less per hour than the United Kingdom. . . . It must not be forgotten that in spite of the higher productivity of workers in many metal industries in the United Kingdom than in Australia, authorities in the former country are deeply concerned by the failure of British factories to reach American levels in that regard . . . . there has perhaps never been a period in

\*See Tables I and II on page 15.

the economic history of Australia when efforts to increase industrial efficiency are more necessary than they are now."

### ANGLO-AMERICAN COUNCIL ON PRODUCTIVITY.

One of the most significant manifestations of the priority in economic policy given to productivity in Britain is the recent formation of the Anglo-American Council on Productivity. Another is the wholehearted and unqualified acceptance of the doctrine of high production by political labour leaders and by top trade union officials.

The formation of the Anglo-American Council on Productivity, including eight representatives of American industry, constitutes a recognition by British authorities of the contribution which American methods and technology can make to the improvement of standards of efficiency in British industry\*. The fact that Britain has been prepared to sink her national pride in calling upon American advice, shows at once the desperate nature of her plight and the grim purpose with which she is entering into the battle for high production. The Council, which recently published its first report, consists of men of high consequence in both British and American industry. The Chairman of the American section is Philip Reed, the Chairman of the General Electric Company, and of the British, Sir Frederick Bain, the President of the Federation of British Industries and the Deputy-Chairman of Imperial Chemical Industries Ltd.

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\*The Anglo-American Council on Productivity consists of eight American representatives—four management and four union—and twelve British representatives—six management and six union.

### REVOLUTION IN ATTITUDE.

Perhaps even more important than the formation of this Council is the evidence which is accumulating of the remarkable change in the traditional policy and attitude of the British Labour movement towards production. This is a most hopeful portent. The unqualified acceptance by labour leaders, in both the political and industrial fields, of the need for improving productive efficiency and increasing production, may prove to be the beginnings of a revolution in trade union thought which will affect profoundly the whole course of Britain's industrial future. A report of the Trade Union Congress, prepared for a conference of trade union executives last November, commences:—"The General Council feel assured that there is common agreement on the need for greater productivity. The purpose of this conference is to discuss how the level of productivity can be raised." Already "The Economist" has hailed this change in attitude in these words:—"The conversion of trade union leadership to the gospel of high production is, in itself, as striking a change as the conversion of the Middle West to a qualified internationalism."

It is, of course, not sufficient for those at the top of the union hierarchy to be converted. What is needed is the conversion of the mass of workers in factory, shop, field and office. The urgency, apparent to those at the top, has to be transmitted to minor union officials, shop stewards and, last and most important of all, the rank and file of workers. The Trade Union Congress, however, is fully alive to this problem and is making plans for a publicity campaign to reach the

lower levels of industry. It realises that general exhortations from top political or labour leaders, remote from the mass of the people, stand no chance of success.

The need for a complete change in trade union philosophy and thought, which is a product of 19th Century experience, to suit the new conditions of the 20th Century was emphasised by Mr. Herbert Morrison in a speech which received a great deal of prominence in England. Mr. Morrison said:—

“Trade unions must consider not only how much can be claimed, but how much an industry or a concern can stand without damage to the general interest and the interest of workers. Nay, more, how much can we give to our country?

“Any fool can put forward bigger and bigger demands, and for the people who are always looking for trouble no game could be better. If impossible demands are rejected there is a grievance to be exploited for political ends. If they are met, the nation is weakened and is less able to stand up in the world for vital principles, and again a small minority cash in on a political advantage by posing (for those who are gullible enough to swallow it) as the workers’ best friends. . . . The greatest hope of improving conditions is through more production per man-hour and per man-year. . . .”

#### **A QUALIFIED ENTHUSIASM.**

The doctrine of high production is being increasingly, if belatedly, acclaimed by political and labour leaders in Australia, although not with the same fre-

quency or the same unqualified enthusiasm as in the United Kingdom. By contrast with Britain, however, there is no evidence here of any concrete intentions or measures to translate these high affirmations into a practical programme. Are, for instance, any plans being laid by the ruling bodies of the trade union movement in Australia—similar to those of the T.U.C. in Britain—to educate the mass of workers in the urgency of greater production? And, even among the trade union leaders themselves, is there any clear realisation of the need for a revolution in trade union philosophy and policy if Australia is to meet the demands of the 20th Century world? Nor is it apparent that the high production gospel has yet bitten so deeply into the consciousness of top political and industrial men in this country as in the United Kingdom.

#### **EFFICIENCY DANGEROUSLY LOW.**

There is no doubt that in many respects, Australian efficiency is at the moment deplorably and dangerously low. This is due, not so much to lack of modern equipment or to high taxation as to trade union obtuseness, to communist-inspired dislocation, to the comfortable complacency of some employers who have now been operating in a sellers’ market for so many years that they have forgotten what a buyers’ market is like, and to a lack of the highest order of political and industrial statesmanship.

Production is not yet a first priority of economic policy in this country. We are still bogged down in and obsessed with the problems of social security and social justice—of taking something from the

other fellow, instead of making more for ourselves. But it is now clear that at our existing levels of productive capacity and achievement no further great advances in social security and social services are practicable. A sound and adequate system of social security cannot be supported on a foundation of industrial inefficiency. On the contrary, effective social security depends entirely on the attainment of a high standard of production.

It is not so much more and better equipment that Australia needs at the moment—although that should be a first consideration of long-term policy—as a better use of existing resources. Production could be greatly expanded immediately in this country, if the miners would mine more coal, if the dockers would load and unload ships at a faster rate, if the building workers would lay more bricks, if more men were made available from excessive government payrolls for directly productive occupations, if management would throw itself into its task in the light of the knowledge that the buyers' market may not be far away.

#### THE AMERICAN ATTITUDE OF MIND.

Australian industry at the moment does not need better technology or more machines so much as it needs a change in

the national psychology toward work. It is not the much-lauded American industrial "know-how" that is so important, as the American attitude of mind; the realisation that dominates the American temperament that higher standards of life for all can be won only through higher production, and that higher production depends upon harder, more enterprising, and more intelligent work. When the understanding that a man's rewards and a nation's rewards in this life depend upon their own efforts rather than upon political theories, takes root in Australia, the rest will follow—better equipment and managerial techniques and methods, payment by results, more vigorous competition. We need more of the American attitude that obstacles are made to be joyously, enthusiastically encountered and overcome; that they do not constitute an excuse for postponement and prevarication. The secret of the American supremacy in production lies in the national approach to work and the national attitude of mind; in the desire to get on with the job and complete it as speedily as possible rather than spread it over an indefinite delaying period.

Australia needs a new national outlook and faith, a new philosophy of industry and politics. It needs leaders who can bring the nation to a new way of life.

