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TRADE UNIONS AND PRODUCTION

A change of the highest consequence is taking place in the attitude of the trade unions in overseas countries toward the question of productive efficiency. The beginnings of this change—insofar as it applies to the trade unions in Britain*—were noted and commented upon in these columns over twelve months ago. Since that time a great deal of additional evidence has come to hand of the strong momentum which this movement is gathering, not only in Britain but in the countries throughout Western Europe.

That this revolution—for it is nothing less than that—in trade union philosophy will *eventually* have its impact on Australian trade unionism is certain; but what is important from the point of view of the trade unions themselves as well as of the Australian community is that the impact should come sooner rather than later, that the trade unions here should make it their business to keep abreast of and not lag behind the major new development in ideas and policy taking place among their overseas counterparts.

What is the nature of this movement and why is it occurring?

* See article "Triumph or Disaster" in January/February, 1949 "Review."

A PRIME OBJECTIVE

It is simply that the trade unions are now beginning to make increased production and the raising of standards of industrial efficiency the prime objective of their activities. This represents a fundamental break away from deeply ingrained trade union notions and traditional conceptions of trade union policy.

From their beginnings the unions have directed the major part of their energies to obtaining for their members a larger share of what is produced. Only in a secondary and minor sense have they been concerned with enlarging the amount of wealth available for distribution, and many of their activities have in fact militated against the achievement of the highest levels of production. But a new and momentous change in the trade union attitude to production is occurring. It is excellently, and rather dramatically, summed up in the opening paragraphs of a report by a team of British trade unionists who visited the United States late last year to investigate the role of American unions in increasing productivity.

"British trade unionism, to repeat what almost amounts nowadays to a platitude is standing on the threshold of a new social, economic and industrial order—a situation which has been created in part by the trade unions themselves. The way has been long and arduous but "mass" and "hard core" unemployment and social insecurity, characteristics of social injustice, have, we hope, disappeared for good. But what lies beyond this threshold of Labour Movement achievement? . . . By and large the answer has been found. It is to seek a rising standard of life for all, achieved through increasing industrial productivity or output per manhour. *This then is the real problem confronting trade unions: to find ways and means of increasing productivity—a problem concerned mainly with industrial policy and action as distinct from the political pressure to achieve full employment and economic stability.*"*

*The italics in this quotation are ours.

WHY THE CHANGE?

To what is this change of attitude to be attributed? Basically to the fact that the scope for improving the workers' standards of living through further division of the existing fruits of production is now so confined as to be almost non-existent. *The weight of inescapable economic fact, driven home by economists, statisticians and even by labour politicians, seems to have convinced the unions—or at least their leaders—that there is now no prospect of raising living standards through a further sharing-up of available wealth. The lemon has just about been sucked dry. Therefore, progress to a better standard of life for the mass of the people depends now on higher and more efficient production. The hard ultimate logic of economics can no longer be escaped.*

There are other reasons. In the past one of the great obstacles to positive action by the unions to promote production has been the fear of unemployment and of the worker "working himself out of a job." This fear was particularly potent in the thirties as a consequence of the Great Depression; and while no one would pretend that it has completely vanished, it has undoubtedly been rendered much weaker by the continuation of full employment in most countries since the end of the war, and by the far-reaching steps that have been taken in recent years to provide greater economic security for the masses of the people. Finally—and this is especially evident in Western Europe—there is the effect of the economic conditions left by the war. To the peoples of the old world, the economic aftermath of the war has brought home how much their economic welfare depends upon their ability to produce and export a sufficient volume of goods at competitive prices to pay for the imports essential to their standards of life and the maintenance of employment. These countries have been forced to consider every possible means of expanding the production of their industries. This was, in the first place, a matter of sheer economic survival, but it is now

being widely realised that the best insurance against unemployment in the future is the achievement of a higher standard of productive efficiency in the present.

Thus, in his report for 1950, the Director-General of the International Labour Office, was led to say: "In these circumstances, a trend of the greatest significance can be discerned in a number of countries a tendency can be observed for the attitude of cautious reserve often adopted by trade unions in the past towards measures to increase the productivity of labour to give way to a new attitude of positive and vigorous support for and co-operation in such measures . . ."

THE EVIDENCE

Where is the evidence of this tendency?

In the United Kingdom, the Trades Union Congress has set up a special Production Committee and has given a strong lead to its member unions in support of the Government's policy of increasing production. In its 1949 Report the Congress stated: "The Trade Union Movement is participating in, and has everything to gain from encouraging, a national drive to increase industrial efficiency and production." The trade unions are represented on the National Production Advisory Council on Industry, the Committee on Industrial Productivity, and the Anglo-American Council on Productivity. The General Council of the T.U.C. recommended recently that a review should be undertaken within each industry with a view to extending systems of payments by results over the widest possible range. Finally, there is the important report of the team of British trade union officials who visited the United States last year.*

In Sweden, an agreement concluded between the central organisations of employers and workers provides for the establishment of joint committees for the different sections of industry to undertake time and motion studies. *The unions in*

* This report is of such unique importance that we have included a summary of its main findings as an appendix to this article. See Page 129.

Sweden have also taken the unprecedented course of insisting on the provision of fiscal incentives for industry to plough back its profits into improved equipment. They argued that in this way industry could be made more efficient, and that if improved efficiency resulted in higher profits they would see that their members got their fair share. The unions also supported the widespread application of piece-work, which now applies to more than half of all Swedish industry.

In Denmark, in December, 1949, the Government appointed a Joint Production Committee with the purpose of promoting industrial efficiency.

In the countries behind "the iron curtain" it is recognised that the central task of the trade unions is to find ways of increasing production. In these countries, notably in Bulgaria, Czechoslovakia, Hungary and in Poland, systems of payments by results are becoming almost universal.*

Here, then, is a convincing weight of evidence of the remarkable change taking place in the traditional attitude of the trade unions toward production.

TRADE UNIONS IN THE U.S.

In the United States, no such positive changes are to be discerned, primarily because trade union policy in that country has, broadly speaking, always been based on the central idea that improvement in the workers' standards can come only from improvements in productivity. *Committee after committee, representing British industries, which have visited the United States in recent years under the sponsorship of the Anglo-American Council on Productivity, have commented on the universal acceptance of productivity as the essential driving force in American industrial life, and on the extent to which this acceptance permeates the approach of workers as well as of employers and managers.* In America, as the Report of the team of British unionists makes clear, the trade

* See 1950 Report of the Director-General of the International Labour Office.

unions do not resist the introduction of new and better machinery and mechanical aids to production; on the contrary they welcome, and indeed demand, the application of the most modern and efficient methods. Where the standards of efficiency of a particular company are lagging behind those of other companies in the same field, the unions themselves insist on the management taking steps to raise efficiency. American unions do not object to time studies, but through their own trained officials reserve the right to check the findings of managements. American unions accept the competitive economic system because they regard competition as the best means of ensuring high standards of efficiency and a rapid pace of industrial progress from which they can benefit.

As a result of its experiences in the United States, the team of British trade unionists has made a number of recommendations to fit the unions for their new role of positive participation in the improvement of industrial efficiency. Among the most important are that the unions should establish production engineering departments and train production engineers to protect and further the interests of their members; that they should seek to increase productive efficiency by a greater use of mechanical aids and by the application of time and motion studies; and that they should cease opposition to the introduction of modern machinery and methods, and fit themselves to give technical assistance to firms whose profit margins are falling so as to threaten wage rates and employment. We have already noted the support given by the Trades Union Congress to the widest practicable application of wage arrangements based on payment by results.

EFFECT ON AUSTRALIA

What effect is all this having on the attitude and policy of the trade union movement in Australia? Are the trade unions in this country preparing to adjust their ideas and policies to the new economic and social conditions of the middle

twentieth century, or do they intend to persist with a philosophy which has been rendered irrelevant and obstructive by the passage of time? Are they preparing to address themselves positively and conscientiously to the great task of raising productive efficiency and speeding up economic progress? Or are they determined on continuing to devote their main energies to the objective of economic security—a goal already largely achieved—or to further raising money wages and shortening hours of work—objectives which, even if gained, can now make no worthwhile contribution to improving the standards of life of their members? Are they, in other words, ready to fall into step with their counterparts in other countries, or are they going to allow themselves to drag ignominiously behind in the great forward march taking place?

There is only one answer to these questions which should be made by the trade unions, whether they look at the matter from the standpoint of the interests of their own members or of the wider community of which they are part.

It is most vital that the A.C.T.U. should now be preparing to give a lead to its affiliated unions such as that being given by the Trades Union Congress in Great Britain. The A.C.T.U. might well set up a special committee to study the ways in which the trade union movement can contribute to greater production and higher efficiency. It could organise a campaign of education to urge upon its member unions the need for supporting all reasonable measures to improve efficiency. It might follow the example of the Trades Union Congress in Britain and the trade unions in other countries by reversing its long-standing attitude to incentive payments and supporting the widest effective adoption of wage arrangements based on payment by results. A more positive approach to the introduction and use of labour-saving devices, and to all unjustifiable union practices which restrict production, is also required. The attitude, frequently expressed in recent years, that productive efficiency is solely the task of manage-

ment and one with which the trade unions have little or no concern is no longer tenable. The opportunity is now here and circumstances are now ripe for the unions to play a courageous and constructive role in the great task of raising production and building a new standard of life for their members.

AN UNEQUIVOCAL STATEMENT REQUIRED

An unequivocal statement of its attitude to production, in the light of what is occurring abroad, is now the clear responsibility of the trade union movement in this country.

In saying this, we do not wish to pretend that the main responsibility for advancing the efficiency of Australian industries does not still rest with management and employers. That must, in the nature of things industrial, always be so. Nor is it suggested that employers and management are, without exception, as conscientious and effective as they might be in the discharge of this duty, and that there is no room for improvement in managerial methods. But when this is conceded, it still remains true that the trade unions have now a magnificent opportunity, and a great responsibility, for doing everything they reasonably can to assist, and even to inspire, management to carry out its task with the maximum of efficiency.

If they fail to rise to the occasion they will be letting not only themselves down, but the nation as well.

