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INCREASED PRODUCTION THE NEXT STEP

THE Australian economy continues to groan and creak on its inefficient way. The internal stresses and weaknesses are being to some extent concealed by the fortuitous prosperity spread by an altogether extraordinarily high and long-continued level of export prices. But not entirely; for the cumulative pressure of the special demands of defence, development and immigration is producing a grave aggravation of the inflationary drift, and this will continue unless either the demands themselves are drastically reduced, or there is a great increase in efficiency and productivity.

It is here that the seat of the malaise affecting the Australian economy lies—namely, in the failure, almost abject failure, to achieve in the post-war years the increases in output, especially in essential production, necessary to restrain inflation and to provide the resources urgently required for defence, development and the real improvement of living standards. A sudden drop in export prices—which, admittedly, appears improbable in the immediate future—would expose, in glaring fashion, the fundamental weaknesses of the present position.

Increased Production The Next Step (continued)

The great need, the over-riding need, then, is for a rapid improvement in productivity. There is nothing novel about this statement. The Australian people have been constantly exhorted over the last few years to produce more, and these appeals have been intensified in recent months. But what good do all these exhortations do? So far they seem to have had remarkably little effect.

The truth is that the stage of general exhortation has been over-prolonged. It is now long past the time when mere appeals should have been followed by concrete action. The great question is what form should this action take?

The economic arguments for increased production have been stated and restated. Economists, notably Professor Sir Douglas Copland, have explained in terms which admit of no dispute that the only way in which the Australian economy can meet the demands that will be made upon it over the next decade, *without a lowering of living standards*, is through a vast increase in production. It is clearly impossible for Australia to meet its responsibilities in the defence of the democratic way of life (which have suddenly become paramount) to carry out the ambitious developmental programme which it has set itself, and to cater for the requirements of immigration on an unprecedented scale, without a very substantial improvement in productive efficiency. This truth has been further demonstrated in an important booklet on the economics of immigration issued recently by the Commonwealth Bank.* The economic arguments pointing to the need for increased production are clear and irrefutable.

Arguments and exhortation, then, for increased production are not lacking. What is lacking is any strong determination to back the arguments with action.

THE A.C.T.U. AND COMMONWEALTH GOVERNMENT

Following upon the Arbitration Court's decision in the basic wage case, the President of the A.C.T.U., Mr. Monk, announced the support of the A.C.T.U. for increased production and he appealed to unionists to play their part in assuring that the wage increase granted by the Court would, in

* In an article in this booklet, Mr. H. W. Arndt, now Professor of Economics, Canberra University College, argues that unless overall productivity is rapidly raised and/or imports of capital equipment increased, Australians might have to face a reduction of living standards of something like 10% in order to achieve development and defence objectives over the next three years.

fact, represent a real, and not just a nominal, improvement in the workers' standards. This appeal is no different, in essence, from similar appeals made by Mr. Clarey when he held the office of President of the A.C.T.U., and also since he became a member of the Federal Parliament.

But where do all these exhortations lead?

So far they have failed to produce any noticeable results. Mr. Monk has now gone one step further in indicating in January this year that the unions would be ready to consult with employer organisations in an effort to improve production. Up to the time of this suggestion the A.C.T.U. had been singularly lacking in taking any specific measures to translate its occasional general affirmations in favour of increased production into an effective policy.

The Federal Government is open to criticism on the same grounds. Several times while the Labour Government held office, the Prime Minister, Mr. Chifley, pointed to the need for greater production and appealed to the nation to respond. But apart from that his Government took no specific action. Again a lamentable failure to back words with deeds! And last October, in announcing its anti-inflationary programme, the present administration stated its intention to conduct a national production drive. But that was last October, and now it is February and apart from the proposal of an employer-union conference there is still no sign of the Government doing anything concrete. Is the Government preparing its plans, which it will shortly announce, or, has the first fine flush of enthusiasm evaporated into the strange inertia which invariably seems to surround this supreme problem?

Of course, increased production is much easier and more pleasant to talk about than to accomplish. For one thing, those who urge the need of it are usually careful to add the qualification that increased production does not necessarily mean harder work. This is palpable hypocrisy! There is no simple magic by which man-hour productivity can be raised without harder work. The unpalatable truth is that if Australia is to achieve simultaneously all the goals it has set itself—defence, development, immigration and the improvement—even maintenance—of living standards—it must work harder.

Managements must think more intelligently and intensively, workers must throw their backs into their tasks uninhibited by the misguided fear that by working harder they are only making more profits for the boss.

AN ATTITUDE OF MIND.

Increased production in Australia is as much a matter of the national psychology toward work as it is of better managerial methods and techniques, of labour-saving machinery and mechanical devices. From the many reports made by the British teams sent to the United States under the sponsorship of the Anglo-American Productivity Council to seek the reasons for the American supremacy in production, this lesson stands out unmistakably. *American man-hour output is high not so much because of the much-lauded American industrial "know-how" as of the American attitude of mind and approach to work. Firmly engrained in the consciousness of the majority of Americans is the realisation that only by greater production and by raising man-hour outputs can their standards of living be improved. Once this fundamental truth is understood and accepted in Australia all the rest — better machinery and techniques, more intelligent management, more efficient workers, more horsepower—will follow.*

Therefore, what is wanted more than anything else in Australia is an assault on the prevailing national psychology toward work and production. This should comprise the next step in the effort to achieve greater production, and it is one which should be taken by the Commonwealth Government, trade union and business leaders without further delay.

But where is the machinery to do the job? How is the vast campaign of education, which will be necessary, to be formulated, organised and carried out?

A NATIONAL COUNCIL.

There is Mr. Monk's suggestion of a national conference on production. But it would be altogether too much to hope that one conference could go very far toward solving Australia's production problems, which have so far proved intractable to years of exhortation and recommendation. It is perfectly clear, and has been for some years, that what is re-

quired is not one conference between capital and labour at the national level, but a series of conferences at regular intervals by a body of at least a semi-permanent character constituted especially for the purpose.

From time to time suggestions have been made from varying sources for the establishment of a national committee or council—on which employers and unions would be represented—to advise the government on matters of production and industrial relations. A committee of this type would provide the right kind of machinery for promoting the drive for greater productivity. In May, 1950, a school for business executives organised by the Melbourne Technical College sat in discussion for one week on managerial problems, under the chairmanship of Sir Herbert Gepp. The main outcome of the deliberations comprised a resolution, unanimously supported by the 130 executives attending the school, that a National Joint Advisory Council should be constituted by the Commonwealth Government. A similar proposal was made fairly recently by Professor Sir Douglas Copland. In speaking to the Trades Hall Council in Victoria, Sir Douglas urged that a National Productivity Council be set up to assist in a drive for greater production.

*These suggestions appeal most strongly to us. A national council or committee of this type would provide not only the machinery by which a national educational campaign for greater production could be organised and put into effect, but also the medium by which employers and unions could discuss regularly matters of common concern, and particularly the means by which improved industrial relations might be secured throughout industry.**

These are not tasks, of course, that can be achieved in a day. We would suggest, therefore, that the Commonwealth Government should establish such a body on an advisory basis, and with necessary staff and secretarial assistance for an experimental period of three years. Its prime purpose would be to endeavour to bring about as rapidly as possible an im-

* This proposal for a Joint Industrial Council should not be confused with the National Security Resources Board recently established by the Commonwealth Government. The job of the National Security Resources Board is primarily to advise the Government on the priorities that should be accorded to various national tasks and thus to achieve a proper balance between defence commitments, national development projects and the requirements of private industry. What is now proposed is a body representative of employers and unions to promote industrial goodwill and to lead a drive for increased output.

provement in national productivity. The Government would invite leading trade union officials and employers to constitute the body, and other people whose qualifications and experience would enable them to be of special assistance. An economist of the standing of Sir Douglas Copland would, needless to say, be invaluable on such a council.

PRECEDENT IN BRITAIN.

A similar body to the one proposed here has operated with a considerable measure of success in Great Britain over the last ten years. This body, the National Joint Advisory Council, was established almost immediately on the outbreak of World War II, to advise the British Government on all matters affecting labour and on those concerns in which employers and workers have a common interest. It consists of representatives of the two sides of industry. According to a report prepared by the Ministry of Labour, the contribution which it made during the war "cannot be exaggerated." At the end of the war it was obvious that regular organised consultation between employers and workers at the national level would continue to be important. The British Labour Ministry's Report, published in June, 1950, is worth quoting. "The continuance during peace-time of these arrangements to which the exigencies of war had given rise has been of the utmost value in maintaining industrial harmony and stability. Political changes have not altered the nature or diminished the value of this consultation and we can justifiably take pride in the national good sense and reasonableness which have made it possible for the National Joint Advisory Council to continue to flourish."

There is thus a very good precedent for the establishment of a somewhat similar type of body in Australia. It has worked in Britain—indeed, not merely worked, but worked so well that it has become an indispensable part of the British machinery of industrial relations and joint consultation between employers and unions. With perseverance, and in time, it can be made to function in Australia. No one should expect that at the start such a body would work perfectly. In fact it would be surprising if for some time it functioned anything else but most imperfectly. *But with persistence, patience and wise leadership, it would, in our view, establish itself even-*

tually as an essential and valuable part of our industrial arrangements in Australia.

In fact, there is no doubt that sooner or later the natural evolution of economic and industrial forces will compel the institution of a body of this kind. The failure in industrial relations in this country is not so much a failure at the plant levels, where on the whole relations between management and men are fairly good—certainly far better than is generally realised. *The real failure of industrial relations in Australia lies in the artificial emphasis of differences between organised bodies of employers and unions at industry and national levels. It is here that a better understanding and greater degree of co-operation in the national interest are urgently needed.* These conflicts between organised labour and employers with the Arbitration Court as battleground, have become woefully unreal and outdated. In the old days there was quite a lot worth quarrelling about. In these days there is precious little worth quarrelling about, and a great deal worth working together to achieve. Workers and employers in these times must sink or swim together; in the realm of union-employer relations they have been doing their best to sink.

EDUCATIONAL CAMPAIGN.

Unless top management and union leaders can begin to learn to pull together—at least on those matters where their interests are identical—the outlook before Australia is bleak indeed. The raising of man-hour productivity is clearly one of those matters. *The first task of a national council on production and industrial relations of the kind we have described should be to organise an intensive and widespread educational publicity campaign for greater production. This campaign should be designed to reach individual managers and workers throughout the length and breadth of Australian industry.* Every weapon and medium of publicity should be availed of; the publicity itself should be prepared by high class men with a real understanding of the psychological forces at work in industry today. Too much should not be expected of such a campaign in the early stages. Only by constant repetition, by intelligent persuasion, by continuous appeals to the good sense and reason of Australian workers, can results be achieved.

Clearly the A.C.T.U. would have to play a major part in this educational drive; in fact without the unstinted co-operation of union officials it could not hope to achieve success.

For some years the British Government has been running a campaign of this kind in Britain and, if the spectacular rises in productivity in Britain over the last 12 months are any guide, this campaign is beginning to bear good fruit. As part of such an effort the national council suggested might consider recommending that the Commonwealth Government should send a joint delegation of union officials and representatives of management to the United States to study the reasons for the outstanding American successes in the field of productivity. On their return the members of such a delegation might be asked to undertake lecture tours covering Australian industry to assist in the educational campaign for greater production. But whatever methods are adopted, it is clear that the stage of general exhortation has passed its usefulness and that the next step should be a determined attempt to enlist the enthusiasm of the individual Australian for increasing production.

* * * *

The great need now is for real concrete action in regard to these matters. Henceforth mere exhortation should be viewed not merely with a mild scepticism but with active suspicion and distrust. The initiative must come from the Commonwealth Government with the full unqualified support of business and trade union leaders.

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