

20th Century Attitudes



IN

INDUSTRIAL RELATIONS

IN recent years the attention of economists and politicians has become increasingly concentrated on the matter of "productivity"—a word rarely heard in political discussion or in economic analysis a decade or so ago. The reason is fairly plain.

Before the war, political and economic policy were concerned in the main with two broad issues—first, the swings in the tempo of economic activity and especially the periodical recurrence of crisis or near-crisis conditions marked by large-scale unemployment; and, second, with the controversial question of the division of the total available production among the different sections of the community. Both of these problems have in recent years become of less importance; the first, because of continued high employment in the seven years since the end of the war; the second, because the scope for raising the standards of living of the mass of the community through the policy of "fair shares" has been exhausted. *The sole remaining avenue for improving living standards is through greater production per head of population.*

THE WILL TO WORK

In the search for means by which this can be achieved, a great deal of emphasis has been placed on two related factors—the provision of more and better tools of production and of more horsepower to drive the tools that aid the worker. This emphasis arose largely from knowledge of conditions in the United States where production per head is very substantially greater than in other countries, and where capital equipment is on a massive scale, mechanisation has been carried further, and the horsepower-worker ratio is more than double that of any other industrial country with the exception of Canada.

This explanation of U.S. supremacy in production is perfectly valid as far as it goes. But it has two shortcomings.

In the first place it is superficial. In the second it is incomplete. It is superficial because it disregards the fact that the provision of adequate supplies of the most efficient capital equipment is a consequence as much as a cause of high productivity. A machine, or a plant for the production of electrical power, has to be produced just as much as a suit or a radio set. It is incomplete—and to that extent dangerous—because it distracts attention from the all-important human factor. *It leads to an under-estimation of the major contribution to higher production that can be made by the human will to work, the relationship of boss to worker, the general psychological climate prevailing in the individual plant and in the economy as a whole, the attitude of mind that management and labour bring to their tasks, in fact all that is covered by the generic term "industrial relations."*

A CATALOGUE OF ADVANCES

It would be wrong, of course, to give the impression that little has been done in the last ten or fifteen years to promote better industrial relationships. Indeed, a catalogue of advances in this field makes astonishing reading.

The employee of today works in a startlingly different environment from the employee of even twenty years ago. On the physical side, and especially in the newly constructed plants of which there have been a vast number in the last ten years, conditions of work have been improved out of recognition. The modern factory is designed to give the maximum of physical comfort to those employed in it. One has only to compare the multitude of newer manufacturing plants which dot the outskirts of Melbourne with the old-fashioned conception of the factory, still to be seen in the inner industrial suburbs, to appreciate the immense advances which have been made. In the newer factories, the physical and mental well-being of the worker has become of paramount concern. *Colourfully painted, designed to achieve a maximum of light and air, attractive in general architectural outline, often with its carefully laid out garden section, the modern plant is a far cry indeed from the "dark satanic mills" of the 19th century.* Within the factory adequate provision is planned for amenities such as wash-rooms, recreation halls,

canteens, locker facilities and so on. Amenities such as these are today accepted as the general rule; not so long ago the factories that contained them were regarded as exceptional.

Ten minutes rest periods in morning and afternoon with free teas are universal. Free medical and dental inspection for employees is frequently provided, and increasing numbers of companies are employing their own doctors for this purpose. Careful study is given to the provision of adequate safety measures and the elimination of accidents. Many plants employ trained "safety officers." The health of employees is made a matter of first concern in the modern industrial plant. Apart from the almost general provision in industrial awards for one week's sick leave on full pay, many businesses provide special financial assistance in event of illness.

The last ten years or so have seen a great expansion in the provision of retirement benefits for employees by way of superannuation schemes and the such like. Private industry is subsidising superannuation plans to the tune of many millions of pounds annually. Other types of financial assistance to employees have become quite common. For instance, many large companies undertake the erection of homes which can be rented by their employees at specially low rentals or purchased with the assistance of finance provided by the company at low rates of interest.

Growing numbers of companies arrange holiday centres where the employee can obtain a cheap, pleasant vacation for himself and his family. Organised sports and social activities, the facilities for which are often provided by the business, are a commonplace in most factories today. The practice of providing employees with information about the company's activities is growing and is becoming regarded as an almost indispensable part of modern industrial relations policies.

Schemes for encouraging and assisting employees to obtain a financial stake in the business through the purchase of shares are extending.

It is rare today to find a business of any proportions without its personnel officer or department with the responsibility of organising and administering the whole range of activities bearing on the welfare of employees.

The matters mentioned above by no means exhaust the list of provisions made in the great majority of modern factories for the welfare and happiness of employees. But sufficient should have been said to indicate the transformation that has occurred in the physical and social environment of the factory in recent times. It is fair to claim that in so short a space as the last 20 years, a 20th century factory environment has supplanted one that still contained perhaps too many reminders of the 19th century.

All these changes—revolutionary in sum—have been directed toward three immediate objectives:—

First, of providing for the employee a comfortable, healthy and pleasant place of work.

Second, of providing greater financial security for the average worker.

Third, of enlisting the real interest of employees in their organisations by making them feel a real part of the show, or, to use the jargon of modern industrial relations, by increasing their sense of "belonging."

THE PARADOX

At the back of all, of course, lay the general desire to foster good feeling between employers and employees, to overcome prevailing suspicions and distrust, to minimise discords, and to develop a real co-operative industrial team-work aimed at achieving the highest productivity from which all would benefit. *The strange paradox of recent industrial history is that in spite of the remarkable advances made for the physical and financial welfare of employees, and in spite of many notable exceptions, over a wide area the attainment of a really enthusiastic co-operative industrial team-work remains almost as far off as ever.* Possibly many industrial workers are more contented than ever before. But this feeling of greater contentment, insofar as it exists, does not appear to have been accompanied by any notably enthusiastic co-operation in what is after all the fundamental purpose of all economic effort—the achievement of maximum efficiency and productivity. *A 20th century revolution in the physical and financial environment of industry has not yet been accompanied by a 20th century revolution in attitude of mind. The psychology of industrial relationships, in spite of all, is still strongly tainted with 19th century attitudes.*

What is the reason for this ?

GOOD INTENTIONS

It would be wrong and, worse, hypocritical to suggest that all the recent advances in industrial welfare are attributable to the initiative of employers. Some came about as the result of union pressure. Some, such as the two weeks' annual leave and the 40 hour week, are embodied in compulsory orders and awards by industrial tribunals. Numerous concessions made during the post-war years of over-full employment were the outcome of the competitive efforts of employers to attract labour in a period of labour scarcity. *But when all this is said, it remains true that a large part of the transformation is due to a genuine desire on the part of many employers to improve the conditions of life of their employees and to achieve a new and better era of industrial relationships.*

This statement may be scoffed at by some union officials and workers, but if they could have sat in on the innumerable discussions concerned with industrial relationships by Boards of Directors and managerial executives, they might appreciate the large reserves of goodwill and of good intentions that are to be found among the great majority of industrial leaders. The average employer is, after all, not greatly different from the average employee. He is a decent chap with a desire to do the right and fair thing. He may sometimes be misinformed or misguided, he may not always be brimful of initiative, but in the overwhelming number of cases he is keen and anxious to do the best by his employees. There are exceptions. There are a few sharks in every sea, but they are in a very small minority compared with the great majority of decent, well-intentioned people.

It has to be frankly recognised that, for many employers, the period of over-full employment was one of considerable disillusionment. Industrial discipline and irresponsibility were widespread. There was, among a minority, a great deal of slacking. Absenteeism was rife. Timekeeping was poor. Late starting and early stopping with rest periods that frequently exceeded the allotted interval tended to reduce the real hours of work substantially below the nominal standard. The turnover of labour between jobs reached record levels and became a serious addition to industrial costs. Jobs were

accepted and discarded with little sense of responsibility. Work stoppages and strikes in some key industries reached an all-time high. Output per man failed to respond to the needs imposed by the 40-hour working week. Overall, there was no great recognition of the inescapable requirement in industry of order and authority.

It began to be realised that full employment was anything but synonymous with full production, that the mere assurance of job security did not, of itself, create over a wide area that co-operative enthusiastic response to the demands of production for which many had hoped.

A RETROGRADE STEP

With the appearance in recent months of some unemployment, reports that have come to hand indicate an improvement in labour discipline, a toning up of the tempo of work, greater output per man, and generally a more settled state in industry. These experiences, naturally enough, have led a few employers to incline to the belief that some unemployment is necessary in order to assure a reasonable degree of order in industry. *It would be a great pity, and a serious retrograde step, if this belief gained general acceptance or if some employers were to use in any arbitrary manner the additional power placed in their hands by the existence of a small labour surplus.* In an address a few months ago to the Junior Chamber of Commerce in Melbourne, Mr. C. A. Smith, of the Ford Motor Company, pointed out that the real test of enlightened management comes now that many industries are no longer short of labour.

"In the next few years management will either re-awaken the distrust of the thirties, or it will give proof that it is not fundamentally antagonistic to labour. If I were a junior employee I would, over the next year or two, finally make up my mind whether I was to be 'anti-boss,' or whether I would be sympathetic and co-operative with him."

Mr. Smith gives here the soundest of advice; but the next few years will provide a test not merely for the employer in his relationship with his immediate employees, but for employers considered as a whole, as a group, in their relationship with labour as a whole. *Indeed the most serious breakdown in industrial relations in this country lies not so much at the plant level as at the national level.* In a great

number of modern plants relationships between the boss and the workers are reasonably sound, certainly infinitely better than much political and industrial propaganda would lead people to think. The most serious trouble seems rather to be on the plane of national teamwork, in the broad relationships between employees as represented by their trade unions and employers considered in their group capacity. It is here that attitudes of mind in too many cases still seem to be dominated by the industrial environment of the 19th century rather than by the transformed environment of today. To those who have had the good fortune to have studied in recent years industrial relationships in other English-speaking countries, the institutions that have been developed for industrial co-operation and negotiation, and the broad approach of both employers and union officials to questions of national economics, this anachronism is most striking.

It is not the intention of this article to try to apportion blame for the unreal and outdated industrial psychology that still predominates in this country. The Institute fully recognises the shortcomings on the side of employers, and the failure of some of its associates to readjust their thinking to the new social and industrial climate of the post-war years. It believes that in some respects the national leadership provided by employers, in spite of notable advances, still falls short of present-day needs—and certainly short of the type of leadership now being provided by employers in other countries. To take one or two examples: Australian employers have lagged a long way behind those of the United States in organising both at national and plant levels, information and education about the economic system on which Australians depend for their livelihood. *Ignorance in this country of the simplest facts and principles of industrial economics is disturbingly widespread.* Little has yet been done to correct this lack of knowledge and thus to destroy the fallacies and prejudices that abound.

To take another example: Australian employers have perhaps been slow to take the initiative in developing institutions for co-operative discussion with employee bodies of national problems that are common to both capital and labour. Here we have much to learn from Britain where

employer and employee representatives have sat together on bodies such as the Anglo-American Productivity Council concerned with work of the highest national moment.

A 19th CENTURY APPROACH

However, when all has been said in criticism of employers, the most sympathetic supporter of trade unionism can only be disturbed by the distressing failure of Australian trade unions to evolve a really constructive 20th century attitude to the problems of industrial relations. It is no exaggeration to say that a large number of union officials in this country are still living way back in the 19th century. The modern conception of unionism, as it is evolving in the United States and Britain, is that the trade union should be applied primarily to positive constructive purposes. Top union policy in those countries is based on the recognition that virtually the only path now to the goal of better living standards for the worker is that of higher productivity. The old purely protective functions of the unions are consequently assuming less importance. But trade unionism in this country is still, by and large, dominated by a protective and negative industrial philosophy that has been rendered out-dated by the march of time. For the most part it is no longer relevant to modern social and industrial conditions. Every week in this country leading labour journals circulating among the workers concentrate on building up antagonism to the "boss," on teaching a form of economics that is fundamentally invalid, and generally on preaching an industrial philosophy that is as archaic and as futile in the modern age as the horse-and-buggy.

THIS out-dated approach has begun to be realised by some of the more far-sighted representatives of Australian trade unionism itself. Mr. Keenahan, vice-president of the N.S.W. Trades and Labour Council, who recently returned from a tour of investigation overseas, had some strong words to say on union policy on his arrival in Australia. Mr. Keenahan stated that no Australian union had a concrete plan for efficient conduct of its own industry and that British unions which did not think along lines of productivity were considered twenty-five years out of date. Productivity, he said, meant a great deal to British workers, and incentive pay-

ment schemes were largely used. The thinking of British trade unionists was more along economic lines than the purely industrial lines of their Australian counterparts. The British Trade Union Congress believed first in serving public interest, realising that greater efficiency lifted the standard of living. Urgently needed in Australia was a trade union educational system that would direct attention to national and economic needs as against parochial aspects. What Australian unionism as a whole still had to learn was: To get a fair share of the production cake, first bake the cake.

Mr. Keenahan's address was one of the most constructive and courageous by a trade union official that has come to our notice. When will sufficient numbers of trade union officials, with the same qualities of perception and vision and courage as Mr. Keenahan, arise to give the movement the 20th century leadership it urgently demands? Certainly there could be no greater contribution to the welfare of the Australian worker and the building of a great Australian nation, than a re-orientation of union policy along the lines Mr. Keenahan has indicated.

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The opportunity is there. Will trade union leaders of the requisite stature and vision make their appearance? It is difficult to imagine the Australian economy emerging from its present stumbling gait unless the entire Australian community is imbued with the spirit of true individual advancement and of national achievement. But the emergence of this new spirit can be achieved only through an up-to-date positive unionism based on present day economic realities, and concerned with the shining promise of the future rather than with the drab bitterness and injustices of an era now long past.

