Many of those whose duty and honour it is to deliver an Inaugural Lecture from a professorial chair in this University are able to survey in retrospect the contribution to the same field of learning of a long line of predecessors famous in their day and time or in the estimate of history. In so doing they are able to pay honour where honour is due, to trace in broad outline the development of their subject, to draw sometimes a striking contrast between different points in history and to provide a point of departure for their own studies and teaching. The problems of industrial relations are as old as industry itself and have been the subject of study, particularly on the abstract and theoretical side, by many eminent economists, but the systematic study in this and other universities of the practical problems involved in the relations between employers and employed, the causes of industrial disputes and the methods of promoting industrial peace is of comparatively recent date. In entering on the duties of the Montague Burton Chair of Industrial Relations I must seek my inspiration from a single previous occupant and to him must my tribute be paid. I too would draw a contrast but, if like is to be compared with like, it cannot be derived from conditions in past centuries. Changes in the scale of organisation of the parties to industrial relations have been of such magnitude, changes in
methods have been of so fundamental a nature, as to require within the memory of most of us an entirely new approach to the problems of industrial relations and to leave us without any sure foundation in the lessons of the past.

I take courage, however, in the example of one whose modesty impelled him in his Inaugural Lecture before this University to say:

‘And now, Sir, the terrible moment is come when your εὐγένεια must render some account—I will not say of himself, for that cannot be attempted—but of his business here. Well, first let me plead that while you have been infinitely kind to the stranger, feasting him and casting a gown over him, one thing not all your kindness has been able to do. With precedents, with traditions such as other Professors enjoy, you could not furnish him. The Chair is a new one, or almost new, and for the present would seem to float in the void, like Mahomet’s coffin…. For me, then, if you put questions concerning the work of this Chair, I must take example from the artist in Don Quixote, who being asked what he was painting answered modestly, “That is as it may turn out”.’

These were the words of Sir Arthur Quiller-Couch and, if I have strayed so early from my own field, I find comfort in returning to it with the knowledge that the Chair of Industrial Relations in the University of Cambridge, though it dates only from 1931, had as its first occupant one who in his character set the example on which real success in industrial relations can alone be founded. The millions who heard in their homes the voice of John Hilton, though they may have known little of his diffidence in what we choose to call real life, may have glimpsed something of the qualities of his greatness. The essential factor in the life of John

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Hilton was his humanity. The secret of his success in handling the problems of industrial relations was his understanding of the working people. He remembered that his subject-matter concerned not a commodity but his fellow men.

My purpose, however, in referring to my predecessor is not merely to pay a tribute to his qualities but to draw a contrast between the industrial circumstances in which he delivered his Inaugural Lecture and those in which I deliver mine. It is only fourteen years since he delivered the lecture which was the inauguration both of this Chair and of his tenure of it. He spoke at a time when the number of unemployed persons in this country had reached 2 1/4 millions and was to rise still higher; his subject was unemployment. I speak at a time when unemployment in this country has practically ceased to exist and I choose as my subject the problems of industrial relations in conditions of full employment.

The circumstances in which we have at the moment achieved a condition of full employment are of course those of a war economy still persisting into the first few months of peace; the circumstances in which we shall no doubt retain it for some years to come are those, firstly, of reconversion and, secondly, of reconstruction during which the devastation of war has to be repaired and vast arrears of capital equipment and maintenance have to be overtaken. When we speak of full employment, however, we contemplate the conditions neither of war nor of its immediate aftermath and turn our thoughts to a later stage when full employment can be accompanied by a rising standard of living. Full employment can be achieved in time of war; full employment accompanied by a rising standard of living can be achieved only in time of peace.

It does not fall within the scope of this Chair, as I under-
stand it, to treat of the financial, technical and international measures necessary for the achievement and maintenance of full employment. These measures will, however, not succeed unless they are accompanied by harmonious relations. The peace required for the realisation of a rising standard of living in conditions of full employment is not merely peace between nations. There must also be peace within industry.

Attention and determination are concentrated on the goal of full employment in a way they have never been in the past. Nationally and internationally the achievement of full employment has now been declared to be a major preoccupation of governments—second only to, and a necessary condition of, the maintenance of international peace. The world looks forward to an era when the technical conditions necessary for the avoidance of unemployment in the midst of unsatisfied needs will be achieved. The worker in the field of industrial relations is called upon to prepare for the problems which will face him in conditions of full employment.

In the past, industrial relations have been in essence a trial of strength between opposing forces. What is the likely strength of these forces in the years which lie ahead? Statistics of membership of employers' associations are not available, but it is known that their position has been strengthened during the war. The latest figures show a membership of trade unions of over 8 millions and, although this does not equal the peak figure reached in 1920, it compares with a membership of under 5 millions ten years ago. Full employment should enable a membership figure of the order of 8 millions to be maintained and possibly even increased. On the other hand, as has been pointed out by Mr Lipson, the rapid growth of trade unions in the latter part
of the eighteenth century was associated with the relaxation of state control over economic life and it will be interesting to see whether, in a planned economy, trade unionism will continue to flourish as vigorously as hitherto. Wide extension of compulsory social insurance under the aegis of the State may also lessen the emphasis which the trade union movement has in the past placed on its mutual insurance and friendly benefit activities and so weaken an important stabilising influence in trade union membership. The strength of the opposing forces will however clearly be greater than it was before the war. The establishment of bodies such as the various Catering Wages Boards and the enactment of the Wages Councils Act make it evident that the field in which unregulated wages will operate will be exceedingly small and that in future wages will in general be regulated either by collective bargaining or by decision of statutory boards.

Strength of opposing forces need not necessarily lead to open conflict. It may indeed act as a deterrent, more especially if it is known that the ranks of both armies are well-disciplined. Respect for the power of an opponent is often the precursor of an alliance. The existing basis of organisation of employers and workers in autonomous associations by separate industries and trades does not favour a general alliance. Sectional alliances of employers and employed in individual industries, if they emerge, must not be allowed to develop into wars of exploitation against other industries and the community. If a higher standard of living is to be achieved for those engaged in all industries and not merely for some—or indeed for none—internecine strife and wars of exploitation must equally be avoided.

Whatever may result from the development in the industrial sphere, as in the community as a whole, of a more
humane and enlightened attitude or, to be more cynical, from respect for the enhanced strength of an opponent, it is clear that full employment will not of itself render industrial relations more harmonious. Professor Hilton was able in his Inaugural Lecture to point out that there was at that time peace in industry and to state that the relations of employers and employed were not then causing anxiety. It was, as he said, an uneasy peace but it was peace of a kind.

When discussing the problems of full employment it is necessary to postulate certain assumptions as to the framework within which society will operate. In particular it is necessary to assume that full employment is not to be attained by the sacrifice of the essential liberties of the worker or of the citizen, and it may also be assumed that it is the intention of the State to carry through an important programme of extension of social insurance and various forms of State subvention to the family in cash and in kind.

The first of these assumptions is clearly in keeping with the spirit of the people, and writers on full employment accept it as a necessary limitation on planning. One may perhaps discern a tendency among them to discard as unnecessary all liberties of which their particular plan would require the surrender and it would be wise not to assume too readily the willingness of the people to be deprived of accustomed liberties even as the price for full employment. Full employment in a slave state is comparatively easy of achievement. The problems of industrial relations in such a state would be capable of settlement in a summary fashion. It may be vexing to the planner that man is not prepared at times to work at the trade, in the place and under the conditions which it is clearly demonstrable would be in the best material interests of himself and of society, but it is well to realise that the ultimate judge on this earth

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of the essential liberties of man is man himself and not the planner.

The importance of the second assumption—an extended system of social security—lies in the fact that social security is at the same time an important element in the concept of a rising standard of living and an obstacle in the way of securing it. A rising standard of living assumes increasing production, and increasing production will depend largely on increased incentive to produce. Social security is in itself a part of this rising standard of living, and the opportunity to secure it by increased production would provide the incentive if incentive could operate on the community as a whole. The measure of success of incentives to production has however depended in the past, if we leave out of account times of great emotional and patriotic crisis, on the proximity of the direct benefit the individual worker or the small group of workers secures from the increased effort which he or the group exerts. Such proximity does not exist in relation to social security benefits. Greater effort on the part of an individual worker does not increase his social security benefits in any significant degree. On the contrary, the taxation necessary to finance such schemes has a very evident effect on his earnings and particularly on the portion of his earnings attributable to any greater effort he exerts. Social security, like full employment itself, provides therefore one more problem for those charged with the conduct of industrial relations. It is their task not only to secure industrial peace if our real objectives are to be attained, but also so to arrange matters that there is adequate incentive to increasing production. Concern with the problem of distributing the National Income should not be allowed to obscure the even more vital problem of increasing the National Income.
The idealist may hope that satisfaction with the structure and control of industry may in the future provide a sufficient incentive for the great majority. The realist while not less hopeful will, I think, address himself to more material considerations lest such hopes be falsified.

There is no need to seek far to discover the reasons why full employment will bring difficult problems for industrial relations, but the point may best be illustrated by a survey of the main causes of industrial disputes resulting in stoppages of work. The three main groups of such causes are, first, failure to agree on wages questions; second, union, inter-union and demarcation questions; and, third, what for want of a better name may be described as disciplinary questions. These three groups of causes were responsible in 1988 and 1989 for approximately 95% of the stoppages recorded by the Ministry of Labour. The desire of the workers and of their unions in a period of depression to maintain and improve their position on such matters is certainly not less than in a period of prosperity, but their strength and ability to do so is reduced; the fear of unemployment diminishes the length to which a worker will go to enforce even what he believes to be his rights; unemployment provides an iron rod of discipline. Throughout the period of high unemployment which characterised the inter-war years it was rarely, apart from such an occasion as the General Strike of 1926, that the number of working days lost by industrial disputes reached serious magnitude. In only one year from 1927 onwards did the number of working days lost, as recorded by the Ministry of Labour, exceed 7 millions and in eight of the thirteen years from 1927 to 1989 the number was under 2 millions.

The object of drawing attention to these facts is not to advocate unemployment in order that the task may be
made easy of those who are charged with the responsibility of conducting industrial negotiations, but to emphasise the urgency of the task which lies to the hand of employers, workers and the State in ensuring that the methods and machinery of industrial relations are perfected, that no needless sources of friction impede their operation, and that there is full realisation of the magnitude of the responsibility vesting in all parties to industrial negotiations.

Let us first turn to wages, which provide the greatest source of disputes leading to open conflict in industrial relations and at the same time the principal field for incentives to greater production. Full employment in any sense in which there is competition between unsatisfied demands for labour will undoubtedly present serious inflationary possibilities on the one hand or serious possibilities of industrial conflict on the other. The limits for increased remuneration which is not based on increased production are narrow. The spectacle of the employer resisting claims in circumstances when his whole need is for additional labour is unlikely to be seen. Moreover, the spectacle of an industry resisting wages demands which it as an industry can meet by passing on the cost to the consumer, refusing increases on lofty grounds of public interest and preaching elementary economic principles is a peculiarly irritating one to the worker and to the trade union official.

There were occasions during the war when industries producing for the Government account resisted wages demands which they might have met without difficulty by charging the Government more for the munitions of war or by reducing the Treasury receipts of Excess Profits. Resistance to such claims, even in cases where it was based on genuine belief that compliance was contrary to the national interest, did untold harm to industrial relations in the
industries concerned. It placed upon employers a responsibility that was not rightfully theirs. There are limits to the extent that the individual employer or even the employers’ association in a single industry should be regarded as trustee for the community. The strain of performing such a service unaided in conditions of full employment may well prove too great for the present machinery of industrial relations. If there is to be trusteeship, it must be joint trusteeship and it must be on a wider basis than that of the individual industry.

The urgent problem of industrial relations in the sphere of wages in conditions of full employment is to relieve the immediate parties of some measure of responsibility in regard to claims which raise important issues of national finance. In short, there is need for a national wages policy. The need was evident in conditions of full employment in war time; it will become more evident in conditions of full employment in peace. In war time some limits were set to competition for labour and therefore to wages by the effective control which the State exercised over the movement of labour; inflationary possibilities were held in check by rationing and price control.

A number of industries relate their wages to the Cost of Living Index or some other automatic factor, and to that extent there exists a wages policy, whether it is a right policy or not. Even in these cases however, the automatic factor is rarely the sole, or even the most important, means of wages adjustment. For the bulk of industries there is no wages policy within the industry itself nor is there for the nation as a whole. The mechanism of readjustment of the general level of wages merely is that a wages claim is tabled in one or more of the larger industries; it is debated at length on factors some relevant but mostly irrelevant; a frequent