INDUSTRIAL RELATIONS

THE MONTAGUE BURTON CHAIR of Industrial Relations, of which I have the honour to be the first occupant, is charged with the study of

> the conditions of employment and the relations between employers and employed, with special reference to the causes of industrial disputes and the methods of promoting industrial peace.

At the moment the matters for the study of which the Chair was founded are not in the forefront of public concern. There is peace in industry, if by peace one means an absence of open conflict. At the moment the relations of employers and employed are not causing anxiety; the anxiety is on the part of the employers and the employed. To-day the conditions of employment are not a pressing concern; masters and men alike are more concerned with the condition of unemployment.

This uneasy peace, mutual anxiety, and redirection of concern, is not born of industrial

Cambridge University Press
978-1-107-65021-3 - Industrial Relations: Inaugural Lecture
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Excerpt
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causes: it is the result of forces that have broken in upon industry from without.

For the present, therefore, the occupant of the Chair of Industrial Relations must, whether he likes it or not, whether it is strictly within his province or not, find himself preoccupied with the state of industry; the abject state of industry as the victim of external forces.

Industry itself can generate quite enough waste, friction, race, slip and breakdown to satisfy any moderate-minded mocker at Western industrial civilisation. But, with all its blundering and confusion, industry gets on with its job. It may muddle along, but it muddles ahead. There are brains, energy, creative vision, organisation and purpose, of a sort, in industry. Given anything like the same qualities and behaviour on the part of other sections of the body politic, national and international, industry can and will deliver the goods.

Here are employers with ever improving technique, processes, apparatus, organisation, products; still very far, no doubt, from 100 per cent. perfection, but always perfecting, even through the catastrophic last few years. Here are workpeople ready and able to throw energy, intelligence, skill into their part of the industrial alliance. They may at times and in places have queer notions of what is right and what is wrong, of what is good and what is bad, in industrial matters: their will to do a fair day's work for a fair day's pay may sometimes flag: but they can and do work (when they are allowed) and they work well.

These two partners in industry are in a world which has a limitless though erratic appetite for the products of their joint activities. There has been no set-back in the machinery whereby the things that are made are taken from those who make them and put into the hands of those who want them: on the contrary a constant improvement in the means of transport, advertisement, and sale. Industry has done its job, and wants only to go on with its job.

There it is, the whole industrial system—and it is all in a state of paralysis. For years past it has been under a spell: its limbs stiffened, its sinews held, by forces so uncanny that in an earlier age men would have smelt witchcraft. What power could doom these employers, despite all efforts, to go from loss to loss; what power could put two and three-quarter million people on the streets who want to earn their bread by useful labour; what power could deny them even the goods they themselves are prepared to make? What else, if not witchcraft?

Nowadays belief in witchcraft is out of fashion. We look for natural causes of unnatural occurrences. Yet we do still turn a suspicious eye towards the one thing in our earthly midst that still retains something of the occult. We are not at all sure about Finance. It seems to have powers not very different from the Evil Eye. Perhaps, after all, it is the same thing. Finance—witchcraft, witchcraft—finance.

The Chair from which I derive the grace to speak to-night is a Chair of Industrial Relations and even the weaving of spells by magicians I will approach from that base, keeping touch on industrial wood.

Industrial Relations have their scriptures. They are known as 'Collective Agreements between Employers and Workpeople'. There are said to be at least eight thousand such documents operative at this moment. They regulate, by voluntary mutual agreement, the working lives of many millions of our workpeople: the wages they shall receive, the hours they shall work, the people they shall work with, the conditions of their employment. They are the industrial code. They enshrine the letter, and much of the spirit, of Industrial Relations.

The witch-doctor casts his spell over industrial agreements. A wand is waved and their blessings are turned to curses. The spell works on, and industrial agreements at the next change of the moon turn into industrial disagreements.

The method of the black magic is fatally simple: it merely alters a value; only one value among many, but the transmogrification of this one bedevils the rest.

Industrial agreements presuppose stable values. If colliers agree to hew coal for so much a ton, they expect a ton to remain a ton; and it does. If weavers agree to weave at so much a yard, they depend on a yard to remain a yard; and it does. If turners agree to work a 47 hour week, they depend on an hour to remain an hour; and it does. These units are stable. The black art cannot touch them.

But what of the other unit? The crux of most agreements is in a figure which says that the pay shall be so many shillings. If the collier, the weaver, the fitter agree that the pay shall be so many shillings, they hope that a shilling will remain a shilling. It does not. An incantation is uttered over a financial cauldron, and the shilling, in seven days and seven nights, is worth now ninepence, now fourpence, now half-a-crown. So, in turn, employers and workers must denounce their agreements. They are torn across. The fragments are thrown into the cauldron. There is a blue flame, a sulphurous smell, and a new trouble is brewed. The witch-doctor shows no glee; he has had no idea either what he was doing or what he has done. He is interested in his spells, not in what they spell.

The shilling does not remain a shilling; and the wage-earners and wage-payers who have made a bargain they would stand by, cannot keep that bargain because unseen powers tamper with its terms. Prices fall, and the employer finds himself paying more in wages cost than he reckoned for; prices rise, and the worker finds himself with less beef and bread and beer and boots than he bargained for. Both have been taught that the shilling is a medium of exchange. They find it much like some other mediums. Its phenomena are not always genuine.

If this were all, a talisman might be found.

All collective agreements might have a clause providing that the money to be paid should vary with the cost of living. Some two million wage- and salary-earners already work under such agreements. The idea is that whatever happens to the value of the shilling the wage-man shall get the same amount of meal and malt and gear for a week's work that he bargained for when his agreement was signed. An excellent idea. A charm to ward off spells. Distribute the charm to all wage- and salary-earners and all will be immune.

In industry, as in life, the cleverest and most ingenious schemes are not always the most liked. Even among the two millions there are grumblers. They complain that one cost-of-living index-number does not fit all persons. That is true. But a thousand index-numbers would not suit all persons, for no two persons are alike. Ten index-numbers for ten broad groups might be better than one: but who is to compile them, and who is to say which man belongs to which group? If the principle be accepted, one index-number is good enough to ensure rough justice. Nor do the employers of the two millions all rejoice in the scheme. It is an anxious thing to tender for an order in money when you do not know what your money wage-bill will be; and when wages jump about with percentage changes in the cost of living it complicates the pay-sheets. So you fix up a scheme whereby the adjustment is not made too often in the year. In the Civil Service the change is made once every six months, at the end of March and the end of September, with the untoward result that the civil servant gets higher wages in the summer when prices are low, and lower wages in the winter when prices are high.

Because the change is made infrequently, when it comes it comes with a jump. Now the change of prices is a day-to-day affair. The housewife adjusts herself to it. When the cost-of-living bonus changes it is a sudden drop or rise. No one objects to the sudden rise; but no one likes the sudden drop. It is felt. It hurts. This makes a cost-of-living sliding scale a poor substitute to the wage-earner for a stable shilling. Still, it is a good second best; and if the worker were the only sufferer from the witch-dance of the shilling, one could tinker up the talisman to make it work more quickly and more surely.

Even in recent months great minds have dallied with the notion that the reluctance of wages in general to fall with the fall in prices was the one and only cause, or at any rate the major cause, of most of our industrial woes. As recently as June last Sir Josiah Stamp popularised, in the columns of *The Times*, the thesis first propounded by Dr Rueff, the able and distinguished French economist, that unemployment, and by inference industrial stagnation, was directly related to, and probably attributable to, the keeping up of wages while prices fell.

On this question I speak with a due sense of the responsibility that attaches to the occupancy of the Chair of Industrial Relations at Cambridge University. It is a jealously guarded tradition of the great universities that those who speak from their Chairs may utter their personal views without fear, without prior approval, without subsequent reproach; for that their expressed opinions neither commit nor implicate anyone but themselves. To one who has been for a dozen years a reasonably well-behaved civil servant, emergence into such freedom is a little dazzling. But, here as elsewhere, self-restraint grows as restraint is removed. What I have to say will be said under the discipline of knowing that I know very little and that what I believe I know may turn out to be wrong.

The argument, first enunciated by Dr Rueff in 1925, is that the immediate cause of unemployment in Great Britain is the failure of wages to adapt themselves to the level of prices. The proof adduced is that an examination of the figures discloses a permanent relation between the movement of numbers unemployed and the movement of the level of real wages. The reason given for the faulty adaptation of wages to prices is the power and discipline of British trade unions, which offer stubborn resistance to the reduction of wages, and the British policy of paying unemployment benefit, which bolsters up a wage level that would otherwise rightly fall. The conclusion drawn is that only if prices rise without wages rising, or if wages fall without prices falling, only then will unemployment in Great Britain return to its pre-war level.

The basic facts may be taken as agreed. Weekly rates of wages, reckoned in money, are probably about 70 per cent. higher than they were just before the war. But the working week is shorter, and, if we make full allowance for that, hourly rates of wages are probably about 90 per cent. higher than they