

ready pointed out, the questions of economic development and of the economic reconstruction of devastated areas are now under consideration by United Nations bodies with which the International Labour Organisation co-operates closely. On its side, the Office has, in the light of comments made by members of the Committee and by others, revised and completed its study on public investment in relation to full employment and it is hoped that the publication of this study will prove useful to all those, wherever they may be, who are concerned with employment problems.

REPORTS AND ENQUIRIES

Collaboration of Employers and Workers with Government Departments in Great Britain

In accordance with the policy of the Government of the United Kingdom, announced in September 1945¹, for the reorganisation of the industries of the country in order to produce the maximum output for export and home needs, while at the same time ensuring the best possible conditions for those engaged in production, tripartite working parties, representative of employers, trade unions, and the general public interest, were appointed in various industries, "to examine and enquire into the various schemes and suggestions put forward for improvement of organisation, production and distribution methods and processes in the industry, and to report as to the steps which should be taken in the national interest to strengthen the industry and render it more stable and more capable of meeting competition in the home and foreign markets". Matters concerning the relations between employers and employees which are dealt with by employers' federations and trade unions were outside the scope of the enquiry.²

Four of the Working Parties — those for the pottery, cotton, hosiery, and boots and shoes industries — have submitted their reports³ to the President of the Board of Trade.

The Federation of British Industries has also submitted to the President of the Board of Trade a report on the relationships between the Government and industry, after consideration of the Working Parties' reports. Whereas the Working Parties recommend the establishment of permanent advisory bodies on a tripartite basis for the individual industries, the F.B.I. report advocates the extension of direct contacts between the Government and trade associations and between trade associations and trade unions in preference to tripartite organisations.

REPORTS OF TRIPARTITE WORKING PARTIES

Each of the Working Parties recommended the establishment of a permanent advisory body for the industry concerned.

¹ Cf. *International Labour Review*, Vol. LII, No. 5, Nov. 1945, p. 508.

² For the proposed system of consultation between the Government and employers' and workers' organisations on these matters, see note below in "Industrial Relations" section, p. 369.

³ H. M. STATIONERY OFFICE: *Working Party Reports: Pottery, Cotton, Hosiery, Boots and Shoes*.

Pottery Advisory Board

The Working Party for the pottery industry summarised its recommendation as follows:

A standing Pottery Advisory Board similar to the Working Party should be appointed by the President of the Board of Trade, with an independent Chairman possessing wide experience of business or national affairs.

(a) The general responsibility of the independent Chairman should be to initiate and pursue investigations to further the efficiency of the industry, to communicate to the Government matters that the industry wishes to put before it, and to satisfy the Government concerning the state of the industry. He should follow up the subjects raised by the Working Party. For these purposes he and the Advisory Board should use the existing organisations of the industry wherever appropriate.

(b) For the necessary close liaison between the industry and the Government, an Assistant Secretary or Senior Principal of the Board of Trade should be seconded to the office of the Advisory Board.

(c) The Advisory Board should consist of representatives of manufacturers, workers and independent persons expert in particular aspects of the industry. Membership of the Advisory Board should be honorary. The salary of the Chairman and of the staff of the Board (excluding the Board of Trade official) should be found wholly or in part by a levy on all manufacturers.

In explanation of its recommendation, the Working Party states that the case for a continuing body similar to the Working Party arose early in the discussion and grew to great strength as the work proceeded. Both owners and workers favoured this arrangement. In the words of the report —

On the side of the owners, there was a strong hope that your Department would make special arrangements for easy and rapid communication between the industry and the Government, as the shortage of labour and materials was likely to continue to raise difficulties during the next few years when the Government's planning arrangements cannot be fully worked out.

On the side of the workers there was a hope, expressed in the Union's Reconstruction Report, that a Board representing equally owners and workers should be set up to advise the Government on the control of the pottery industry. We have examined carefully the objectives that underlie these two different proposals and believe that they can be achieved by arrangements satisfactory to owners, workers and to the general community.

Powers and Functions.

The Board would not possess executive powers. It would be financed by a statutory levy on all manufacturers. It would have an important liaison function — to promote smooth working with various Government departments and with other sections of industry. The report states:

As a routine channel of communication with the Government it would provide swift and easy collection and distribution of information on the course of trade, and, we hope, such statistics on costings and on profits as will give the Government and the industry a key to the industry's efficiency and the service it is giving to the community.

Its second and even more important function is to discover from the statistics and from any other source it can find what are the obstacles in the way of the industry's progress, and to give the best help it can to remove them. Where it can work through existing bodies, the Federation, the Union, the Research Association and so on, it will do so, and the Chairman should be a member of the Council of the Research Association and of the Apprenticeship Advisory Committee.

An independent officer, who would be Chairman of the Board, would initiate and pursue investigations to further the efficiency of the industry, to communicate to the Government matters that the industry wished to put before it, and to satisfy the Government concerning the state of the industry. He would be mainly responsible for following up the recommendations of the Working Party, certain of which relate to strict enforcement of the Factory Act and amendment of the present regulations, simplification and codification of wage structures and establishment of statutory minimum rates, and regular collaboration of the manufacturers' federation and the trade union for the review of welfare arrangements and of the Factory Regulations and working conditions.

Composition.

The Board would consist of representatives of manufacturers and workers and of independent persons expert in particular aspects of the industry. Representation of the three groups of members should not necessarily be equal, but both on the Board and on any committees set up by it all interests should be adequately represented.

The members of the Board would be appointed by the Minister after consultation with the manufacturers' federation and the trade union. Representation of the manufacturers, while covering, if possible, all sections of the industry, would not necessarily be confined to nominations of the manufacturers' federation.

The Board would have two principal officials, experienced advisers and an adequate junior staff. One of the principal officials would be an independent officer with wide experience of business or national affairs (or preferably both) who would act as chairman. The other would be an Assistant Secretary or Senior Principal of the Board of Trade, seconded by the Department to the office of the Advisory Board, where he should, if possible, be allowed to serve for not less than five years before being replaced.

Cotton Council

The Working Party for the cotton industry recommended that there be created a central body for the industry, to be called the "Cotton Council", which should be appointed by the President of the Board of Trade; it should have an independent chairman, and one third of its members should be independent, one third persons with knowledge of the various sections of production and marketing, and one third from the trade unions.

The proposal for a Cotton Council was regarded by the Working

Party as a key point in its recommendations. These recommendations were not submitted as a complete scheme for the industry, but rather as the initiation of a series of steps leading to a defined objective. The Working Party considered that a very wide discretion as to the means of obtaining the objective should be left to the industry, and Government guidance or assistance where required should be given in recognition of the fact that the prosperity of the industry is a matter of national interest. The report states:

If recommendations thus conceived are to be effectively carried out it is essential that there should be some central body commanding the confidence of both the industry and public opinion which can —

- (1) be the instrument for focusing the general opinion of the industry on matters of policy;
- (2) watch developments and check whether they are proceeding in accordance with national interests;
- (3) prepare reports for the information of the Government and Parliament which can be trusted as being objective and free from sectional bias;
- (4) be a channel through which the industry as a whole can express its views to the Government and conversely the Government can issue general directives to the industry;
- (5) be an agency through which the Government can exercise its powers, or which can advise the Government on their exercise.

Powers and Functions.

The Council would not possess any statutory powers to control the policy of the industry. The responsibility for decisions on matters of policy would rest with the Government and Parliament. In matters of national policy the conclusion of the Council would be given immediate consideration by the Government, and unless the Government, for national reasons and with the approval of Parliament, dissented from the conclusions, they would receive its active support.

The Council should be able to secure the services of first class men with up-to-date practical experience, not connected with any private business concern. Besides exercising certain functions directly, the Council would be empowered to set up any bodies it considered necessary for assisting the industry and would work in close connection with those bodies and with certain other bodies. It would take over the functions of the Cotton Board, and possibly also some of the functions of the Cotton Controller. Among the special tasks arising out of the report which the Council would undertake, the Working Party mentions: investigation of equipment, costs, market research, distribution, and education and training for the industry.

One of its chief tasks would be to prepare for submission to Parliament a comprehensive annual review of the working of the whole industry. The Council would be responsible for nominating the board and management of a central factory company to be set up to own a certain number of mills for trying out various measures for the benefit of the whole industry.

Composition.

The Council, members of which would not represent sectional interests, would have an independent chairman; of its other members, one third would be independent, one third would be drawn from persons with practical experience in the spinning, weaving, finishing and merchandising sections, and one third would be from the trade unions. All members would be appointed by the President of the Board of Trade.

Collaboration between Employers, Management and Trade Unions in Increasing Production.

The Working Party records in a separate recommendation its strong view that in the conditions which lie ahead there is a vital need for collaboration between management and wage earners in a new spirit.

It is implicit in all that is said in this report that the only way to ensure high and improving standards in earnings and conditions of work is to increase operating efficiency and the productive output of the human hands employed. The representatives of the wage earners must be brought into partnership in a common endeavour.

Raising of International Standards of Work.

In another recommendation the Working Party recommends that the British Government should declare its support for international policies aimed at raising the standards of wages and working conditions in the textile industries of all countries.

The recommendation states:

We have in mind policies which are to be discussed at the forthcoming International Conference on Trade and Employment and policies which could be supported either by the International Labour Organisation or by the World Federation of Trade Unions. A very important practical question which should be considered at the forthcoming International Conference on Trade and Employment is how to treat the products of any country which does not maintain agreed minimum standards in wages and conditions of employment. Although this issue is most generally raised in connection with Japanese competition, it may have wider application.

Hosiery and Knitwear Council

The Hosiery Working Party summarised in the following terms its recommendation for the establishment of a permanent advisory body to be called the "Hosiery and Knitwear Council":

A permanent central body of high standing is needed to act in an advisory and consultative capacity to the Government and the industry, to institute and pursue investigations on matters of importance to the industry and to advise on, and deal with, any questions of specific or general character which may be referred to it by the Government or the industry.

Powers and Functions.

The Council would act in an advisory and consultative capacity, both to the Government and to the industry, on matters of broad

policy; it would not deal with the matters normally handled by joint organisations of employers and trade unions in connection with wages and conditions of employment. The report states:

We believe that there is need for an organisation such as this,

(a) to be a channel of communication and a recognised means of consultation between the Government and the industry;

(b) to advise the Government from time to time on conditions within the industry, and upon steps which may be desirable to bring its resources into the fullest use either by voluntary action by the industry, or by statutory enforcement;

(c) to maintain contact with other organisations whose activities affect the general interests of the industry;

(d) to advise the industry, through the established trade organisations, of Government policy;

(e) to institute and pursue investigations which may benefit the industry, and to deal with all other questions of a specific or general character affecting the industry which may be referred to it.

None of these terms of reference is designed to effect any diminution in the enterprise and collective responsibilities of the industry acting through its established organisations, of which the fullest use should be made whenever possible.

The Council should be recognised by the Government as the accepted means of consultation with the industry and should be a non-voting body. It should have access to all statistical information collected by the Government and to expert advice both from the Government and from the industry.

Composition.

A maximum of one quarter of the members including the chairman would be Government nominees, though not necessarily civil servants. The other three quarters of the members would be equally provided from manufacturers and workers, nominations being put forward by recognised organisations in the industry. The report states:

Equality of representation between manufacturers and workers is a matter on which strong opinions are held, and we think it advisable to set out here our reasons for deciding that the workers should have equal representation. These are:

(a) In matters affecting the welfare of the industry as a whole the interests of the workers are inseparable from those of the manufacturers, and the prosperity of the industry is equally important to both.

(b) The overwhelming majority of persons who depend directly on the industry for their livelihood are workers.

(c) Experience during the war, particularly in industries under the heaviest pressure, has proved the value of equal participation by the workers in decisions on broad industrial policy, with the result that this has now become a permanent feature in many progressive industries.

On this question of the composition of the Council, the four employer members were not in agreement with the remainder of the Working Party. While agreeing that workers, alike with em-

ployers, have interests in the progress of industry, they considered that on the proposed advisory council those interests could be adequately protected and furthered on matters of broad principle by a comparatively small number of persons.

The employer member and the worker member from Scotland dissented from the recommendation on the ground that the composition proposed would not ensure adequate representation of Scottish interests.

Shoe Manufacturing Services Board

The Boots and Shoes Working Party recommended the establishment of a Shoe Manufacturing Services Board, the object of which would be "not to run the manufacturing units in the industry, but in some degree to order the environment within which the industry is operated so that all units and persons in the industry may work more efficiently".

Powers and Functions.

The Board would be empowered to collect a levy from all shoe manufacturing firms and to require information to be furnished in a form common to all members of the industry or a clearly defined section of it. It would have no power to control entry into the industry, output, prices, or conditions of employment.

The Working Party prepared a list of services to be provided and questions to be investigated by the Board. In addition to statistical, industrial and technical research and the study of problems related to exports, imports, distribution and supply of materials, the list includes "the development of matters affecting the industry in its relations with the Government (other than terms and conditions of employment), study of working conditions in factories and survey of labour requirements".

Composition.

The Board would consist of an independent chairman who would be appointed by the President of the Board of Trade in consultation with the members of the Shoe Manufacturing Services Board and would receive a salary on a substantial commercial scale, and of fifteen members, six representing the manufacturers, three the trade unions, three the producers of raw materials and the distributors, and three the Research Association, the Design Centre and the National Institution of the Industry, respectively. The members of the Board would be elected, but paid on the basis of company directors; one third of the employers' and unions' representatives would retire every year and would not be eligible for re-election for a period of one year.

The employers' organisations and the operatives' unions would remain actively in existence and would remain responsible for all sectional interests of employers and operatives respectively. They would submit problems to the Board for investigation and would be responsible for seeing that the industry made every effort to implement the Board's recommendations.

Dissent from the Recommendation.

The five representatives of manufacturers dissented from the recommendation. While endorsing the statements in the report outlining investigations which should be made to assist and stimulate the improvement of the industry's efficiency, they were of the opinion that the appropriate agency for this work was the Research Association of the industry. For the performance of the work envisaged in the report, they contended that it would be necessary for the Research Association to be furnished with an economic and industrial section, to be financed by a compulsory levy under the Services for Industry Regulations, and to have trade union representation upon its council and additional Government representation from the Board of Trade, parallel to the existing representation from the Department of Scientific and Industrial Research. They recommended that this course should be adopted. "Such an organisation", they affirmed, "would be in the natural line of development, would not overlap existing Government agencies and trade organisations . . . and would conform to a clear division of function between fact-finding, which would be the Research Association's function, and policy-making and the implementation of policy, which would be the function of the trade associations and trade unions as regards wages and conditions, and of the appropriate legal authorities as regards all matters upon which the coercive force of legal sanctions was necessary".

An independent member dissented from the recommendation that members of the proposed Board should be appointed by the employers' organisations and trade unions concerned, on the ground that when representatives are appointed by a trade body, individuals may be selected for reasons internal to that body rather than for their personal suitability.

RECOMMENDATIONS OF THE FEDERATION OF BRITISH INDUSTRIES ON THE RELATION OF TRADE ORGANISATIONS WITH THE GOVERNMENT

The Federation of British Industries has had under consideration, particularly in the light of the reports of the Working Parties, the general question of finding the best methods of contact and co-operation between the Government and industry in existing circumstances.

In a letter dated 10 October 1946, the Federation communicated to the President of the Board of Trade the recommendations of its Trade Organisation Committee which were adopted by the Grand Council of the Federation on 9 October 1946.¹ Representatives of the British Employers' Confederation were associated with the work of this Committee, but the recommendations are confined to commercial and technical matters affecting industry, and are not intended to refer to labour questions normally handled by employers' organisations responsible for negotiating wages and conditions with trade unions.

¹ FEDERATION OF BRITISH INDUSTRIES: *Trade Organisation — Relationship with Governments. Report of the Trade Organisation Committee.*

The Federation stresses that the main objective is so to perfect methods of organisation as to promote increased production and general efficiency. Whatever political party is in power, intimate collaboration between the Government and industry is essential, particularly in re-establishing the national economy on a peacetime footing.

Possible Methods of Co-operation with the Government

The Federation is of opinion that the three main methods of co-operation between the Government and industry, in order of usefulness and desirability, are: (a) direct contact with industry; (b) an advisory council; (c) a statutory industry board.

Direct Contact with Industry.

In many industries, close contact has been developed between a sponsoring government department and the trade association and trade union. The relations so established between the Government and the trade association have been marked by confidence on both sides. The Federation believes that similar relations could easily be built up with many other industries. It therefore strongly recommends that the Government should give official recognition to efficient trade associations and normally use them, and them alone, in dealing with the affairs of their industry as a whole.

Advisory Councils.

The Federation recognises that in certain cases the Minister may feel that he requires to supplement the day-to-day contacts between his Department and the trade associations by some more formal machinery. Where such machinery is established it should take the form of an advisory or consultative council. The object of the councils should be to consider only broad questions affecting the industry as a whole. The councils should not possess any executive powers and should not deal with labour questions. Any findings of the councils should be referred in the first instance to the trade organisations for report, and no action should be taken by the Minister until he has satisfied himself as to the desirability of any recommendations after receiving such reports. The chairman of each council should be appointed by the President of the Board of Trade. The members representing the management side of an industry should be appointed by the Minister for a specified period and should be selected from a small panel submitted by the industry. The report states:

We consider that the appropriate trade union should participate in any advisory or consultative councils that are appointed. We appreciate their interest in the function that the councils will perform, and we should welcome any help that they can give in analysing and solving the problems that confront the industry concerned. We would point out that this principle is new to several industries, and we think that its application should take account of its novelty and be allowed to evolve. In view of the differing circumstances of different industries, we do not consider it necessary that numerical equality in the representation of

management and workpeople should be accepted as a rigid principle. In any case, the proceedings of such councils would never be governed by a vote.

Statutory Industry Boards.

In exceptional cases in which neither direct contact nor an advisory council would provide adequate means of co-operation it might be necessary to vest a supervisory body with some executive authority. The Committee reported, however:

We consider that any such bodies should be created only with the greatest caution, and that the Minister should satisfy himself that they are absolutely essential after all alternative methods have been considered. Unless great tact is shown, they may weaken the trade association structure, and we profoundly believe that it is by seeking to strengthen the voluntary trade association that progress can best be made.

In the event of the creation of statutory Boards, the Federation considers that each Board should be the subject of a separate Enabling Bill. Industrial members of such a Board should be appointed by the Minister by the same procedure as that suggested in the case of advisory councils.

Closer Contact with Trade Unions

The Federation notes as a general point of great importance that all four Working Parties which have so far reported agree that in any future arrangements the trade unions concerned must be associated with management in the consideration of a range of general questions affecting the well-being of industry.

It will be totally inappropriate for a trade association to participate in the general conduct of the business of a trade union or *vice versa*. There is, however, a field within which they have a common interest — apart from labour questions — and an exchange of views within that field can under favourable conditions be mutually helpful. In referring to favourable conditions, we have in mind that the trade unions, as well as the trade associations, must be suitably organised if such contacts are to be fruitful. We strongly recommend that these contacts should be developed, where practicable, and that trade associations should consider the advisability of themselves initiating periodical meetings with the appropriate trade union, at which general questions affecting the industry as a whole could be ventilated. We believe that useful results, both practical and psychological, might result from this, and that there is no need for such contacts to depend on Government initiative and to involve the establishment of continuing official machinery.

INDUSTRIAL COMMITTEES

Programme of Meetings

IRON AND STEEL COMMITTEE AND METAL TRADES COMMITTEE

The second sessions of the Iron and Steel Committee and the Metal Trades Committee will be held at Stockholm in August 1947, at dates to be settled by the Director-General of the International Labour Office in consultation with the Chairman of the Governing Body and the Swedish Government.

The agenda for each of these meetings has been approved by the Governing Body of the I.L.O. as follows:

- (1) General report, dealing, *inter alia*, with the following points:
 - (a) Action in the various countries to give effect to the decisions of the first meeting;
 - (b) Steps taken by the Office to follow up the studies and enquiries proposed by the Committee but not placed on the agenda for the second meeting;
 - (c) Recent events and developments in the industry.
- (2) Regularisation of production and employment at a high level.
- (3) Minimum income security (annual and other wage systems designed to provide assured earnings).
- (4) Labour-management co-operation.

Problems of the Petroleum Industry

The first meeting of the I.L.O. Petroleum Committee will take place at Los Angeles in February 1947. A preliminary report on the industry has been prepared by the International Labour Office for circulation to members of the Committee in advance of the meeting. In view of the very varied conditions ruling in this industry in different parts of the world and the consequent multitude of problems facing the Committee, it is believed that sections of this report may be of interest to readers of the Review. Some extracts, adapted and abridged for publication in this form, are given below.