The Ahmedabad Experiment in Labour-Management Relations: II [1]

Towards Co-operation and Better Human Relations in the Undertaking

The discussions in the preceding three sections have been confined to developments from the point of view of the settlement of disputes. The parties, however, have moved beyond the mere resolution of conflict and gone forward towards a more constructive type of relationship. In more recent years, significant developments have taken place in the promotion of better human relations at the level of the undertaking. This process of growth was favoured by two influences: that of Mahatma Gandhi himself and that of the Ahmedabad Textile Industry's Research Association.

The Influence of Mahatma Gandhi

As a man of broad interests and high moral principles who became intimately involved with life in the industry, Gandhi had a decisive influence in helping the parties to achieve a large degree of industrial peace in two roles: as a guiding spirit and long-time adviser of the T.L.A. and as an arbitrator. But he also exerted influence in another role—as a friend whom the parties jointly approached for advice when he could not serve as arbitrator and whose views on their mutual relationship were respected by both. In all these roles he was guided by his principles of truth and non-violence.

"But, for me," he said "truth is the sovereign principle. This truth is not only truthfulness in word, but truthfulness in thought also, and not only the relative truth of our conception, but the Absolute Truth, the Eternal Principle, that is God." [2] As the title of his autobiography indicates, he was primarily concerned with the search for truth and he conceived his life as a series of

[1] The first part of this article appeared in Vol. LXXIX, No. 4, Apr. 1959, pp. 343-379.

[2] *An Autobiography, or the Story of My Experiments with Truth*, op. cit., p. xiii.

experiments with truth. Among these experiments was his intervention in the development of labour-management relations in the Ahmedabad textile industry. He regarded the T.L.A. as his laboratory in the field of labour.

Like his conception of truth, his principle of non-violence had a religious connotation. It is the *ahimsa* of Hindu religion and philosophy, the principle that forbids injury to any form of life, combined with the distilled essence of the Sermon on the Mount. Notwithstanding the negative form of the term, he meant it as a positive rule of conduct; for him it was not the mere avoidance of injury to others in thought, word or deed, but all-embracing love, active goodwill and compassion for all humanity. It was also, as he conceived it, an active principle for resisting injustice.

He regarded truth and non-violence as good for the T.L.A., as just principles for resolving and reconciling conflicting interests, as constructive principles for any form or setting of social relationship, as valid principles even in one's dealings with a declared enemy or opponent, and as guiding principles which were specially needed to place the relationship between employers and employees on a higher moral basis and to give it the character of real, human fellowship.

> Man is an engine whose motive power is the soul. The largest quantity of work will not be done by this curious engine for pay or under pressure. It will be done when the motive force, that is to say, the will or spirit of the creature, is brought to its greatest strength by its own proper fuel, namely by the affections.... Assuming any given quantity of energy and sense in master and servant, the greatest material result obtainable by them will not be through antagonism to each other, but through affection for each other.[1]

He regarded the lack of fellow-feeling between employers and workers as one of the most tragic aspects of industrial life brought to India from the West.

> Let us not be obsessed with catchwords and seductive slogans imported from the West. Have we not our distinct Eastern tradition ? Are we not capable of finding our own solution to the question of capital and labour ? All that comes from the West on this subject is tarred with the brush of violence. I object to it because I have seen the wreckage that lies at the end of this road. The more thinking set even in the West today stand aghast at the abyss for which their system is heading. I have been a sympathetic student of the Western social order and I have discovered that underlying the fever that fills the soul of the West there is a restless search for truth. I value that spirit. Let us study our Eastern institutions in that spirit of scientific inquiry.[2]

He believed that employers and workers " could work wonders in co-operation ". But that could happen only when labour was

[1] *Sarvodaya*, op. cit., p. 28.

[2] Ibid., p. 91.

" intelligent enough to co-operate with itself and then offer co-operation with capital on terms of honourable equality ".[1]

While he held to high ideals, he was a patient, hard-headed realist, tolerant and understanding of others.[2] His concern with truth showed in his passion for study and investigation—to get all the facts of a problem—though it might delay action. He was prepared to get results slowly, to work for step-by-step progress, each time as far as the limiting conditions of the moment would permit. His first objective was to obtain a change of heart in the persons he sought to influence, to appeal to their latent goodwill and to break down prejudices.[3] This dominated his approach to the problems of the Ahmedabad textile industry.

The Ahmedabad Textile Industry's Research Association

Founded in 1947, the Ahmedabad Textile Industry's Research Association (A.T.I.R.A.) is a co-operative research institution supported by the millowners and the Central Government of India. The founding members included all the members of the M.O.A., as well as non-member mills, who made an initial contribution of 5 million rupees. The Government contributed 1.9 million rupees and also assumed the obligation of paying one-half of the administrative expenses for five years.

The A.T.I.R.A. operates as an independent research institution. The Council of Administration is composed of 15 members, seven of whom are elected by member mills. Three are nominees of the Government, three others are co-opted members selected for their technical qualifications, while the Director and Secretary, also technical men, are members ex-officio. It has also a research advisory committee some of the members of which are independent professional people.

One of the original departments of the A.T.I.R.A. was the Psychology Department renamed Human Relations Depart-

[1] *Sarvodaya*, op. cit., p. 92.

[2] " The golden rule of conduct, therefore, is mutual tolerance, seeing that we will never all think alike and we shall see Truth in fragment and from different angles of vision." While conscience " is a good guide for individual conduct, the imposition of that conduct upon all will be an insufferable interference with anybody's freedom of conscience ". *Young India*, 23 Aug. 1926. Edited by M. K. GANDHI.

[3] " If I would recognise the fundamental equality, as I must, of the capitalist and the labourer, I must not aim at his destruction. I must strive for his conversion. My non-co-operation with him will open his eyes to the wrong he may be doing. As no human being is so bad as to be beyond redemption, no human being is so perfect as to warrant his destroying him whom he wrongly considers to be wholly evil." Ibid., 26 Mar. 1931.

ment in 1957.[1] Like the other departments, its regular research programme is based on problems referred to it by the industry or on ideas originating from the research staff. The research work may be broadly classified as (1) operational, aimed at a standardisation and rationalisation of existing work methods ; (2) applied, designed to introduce scientific developments of practical use to industry and adapted to local conditions ; and (3) fundamental, for basic understanding of men, materials and processes in the industry.

Apart from making studies for the benefit of the industry, the Department has a Training Section which conducts training programmes for management, supervisors and operatives. It has on several occasions been asked to provide technical assistance to joint bodies set up by the Government to conduct inquiries or fact-finding surveys. It has also undertaken research projects in Ahmedabad in collaboration with international organisations and foreign research institutions.

The A.T.I.R.A. was associated in two major projects of technical assistance carried out by the I.L.O. in India, which extended to Ahmedabad. The first was a project involving experimental studies on productivity in two Ahmedabad mills, carried out as part of the work of the I.L.O. Productivity Mission in India in 1952. The second was a large-scale project on Training Within Industry (T.W.I.) for Supervisors in 1953 ; with the assistance of an I.L.O. expert the Association sponsored two pilot projects covering 23 units in the Ahmedabad area.

Labour-Management Co-operation

During the life of the Arbitration Board, i.e. from 1920 to 1937, the parties' main concern centred on the settlement of disputes, on the work of the Board and ways to improve it. To a certain extent they engaged in informal consultations within the framework of the arbitration machinery, particularly with regard to questions incidental to issues in dispute. Also as an incident of arbitration work, the millowners began sharing with the Union information on the economic and financial position of the mills and the industry.

When the parties began to make greater use of the process of collective bargaining, they entered upon a new phase of their relationship. It then became possible for them to build up their

[1] The head of the department and three of the chiefs of sections (for experimental studies, time studies, and Training Within Industry) are specialists in their respective fields, holding doctorates in social sciences. They are assisted by eight investigators, most of whom have also had training in social sciences or social welfare work. All are of Indian nationality.

relationship on a more constructive basis. This development may best be understood in the light of the parties' changed attitudes.

The Parties' Attitudes.

Neither the M.O.A. nor the millowners individually showed active opposition to the T.L.A. when it was being formed and they immediately recognised if after it was organised. Undoubtedly Gandhi played a large part in bringing this about, but it would appear that his influence does not provide the whole explanation. To find this it would be necessary to go back to the labour struggle in connection with the 1918 wage dispute.

There was no question in that dispute of the millowners' opposing the unionisation of the workers, as no union was in existence ; their objection was rather against third party intervention in their relations with the workers. At the same time it was evident from the leaflets issued in the course of the struggle that Mahatma Gandhi and the other advisers were thinking in the long term and not only about that dispute. The leaflets indicated the lines of a future collective programme of action, provided the workers were willing to accept the conditions under which the advisers would agree to help them. Thus, even as Gandhi sought to bring the dispute to a satisfactory conclusion he was already laying down the principles on which the union would be run.

In some of the leaflets he addressed himself to this objective and laid particular emphasis on the attitude of the millowners. In this connection, the leaflet issued in the name of Mr. Banker was perhaps the most illuminating. The following passage is worth repeating :

> Workers can never desire that an industry which gives them their daily bread should be destroyed. But, if workers behave without discretion and without thinking about justice or injustice, such a result is inevitable. If we desire to be saved from it, we should determine to work regularly for the millowners in good faith. We should decide not to make unreasonable demands, and not to resort to remedies like strikes to secure justice until all other avenues are exhausted. But our task is not over with such a determination. We have to go to the employers, acquaint them with our decision and *win their confidence.*[1]

The 1918 dispute came to an end without a single instance of violence on the part of the workers. When the Union was organised, the principles which Mahatma Gandhi asked them to follow were incorporated in its Constitution. Besides acceptance of arbitration " so as to avert avoidable stoppage of work ", it was expressly made an object of the Union " to develop in the workers a high sense of responsibility in the discharge of their duty to industry ",

[1] *A Righteous Struggle,* op. cit., pp. 64-65 (italics supplied).

and it was provided that the means to be employed in the furtherance of the objects of the Union " shall be always based on truth and non-violence ".

It would therefore appear that the millowners recognised the T.L.A. because their confidence had been won—on the concrete basis of the demonstrated conduct of the workers and their leaders and of the Union's clearly defined official policy. Evidently the millowners became convinced that they were dealing with a responsible organisation under mature and responsible leadership and that the Union was not going to be a mere troublemaker. Their recognition would also appear to have been a great act of faith—faith in Gandhi's sobering influence on the Union.

This recognition represented only a degree of acceptance of the Union by the millowners. They accepted it for the purposes of settling disputes, as a party to the arbitration machinery —nothing more. For them the Union was, in this year of 1920, still very much an unknown quantity ; they had hopes and faith but these remained to be fulfilled. The ambiguous attitude of the millowners was reflected in union victimisation, harassment and obstruction in a number of mills to the point where it became necessary for the Board to make an award in 1921 against these practices ; and it was not until the early 1930s that they became considerably less frequent.

By 1928 the parties had come to closer understanding. In November of that year the Arbitration Board made an award providing for check-off in the collection of union dues.[1] It was also at about this time that a wave of strikes hit the Bombay textile mills, which continued rocking this centre for four or five years. It was feared that the Bombay situation would have repercussions in Ahmedabad and lead to trouble, but the anxieties of the millowners were allayed when the Union refused to follow the example of the Bombay trade unions and continued to rely on the arbitration machinery.

Fuller acceptance of the Union by the millowners came with further experience. Satisfaction with the way in which the arbitration machinery worked and mutual relations developed ; the degree of industrial peace which the industry enjoyed and the fruits of industrial peace ; the general pattern of the conduct of the workers, the Union and its leaders ; the Union's policy of not making or supporting false or exaggerated claims or demands ; the strong policy adopted by the Union towards unauthorised strikes ; and specific instances of the Union's co-operative spirit—all these had a favourable effect on the millowners' attitude.

[1] The practice was later discontinued at the instance of the Union, which wished to make use of direct collection of union dues as a means of maintaining contact with members.

Between 1930 and 1940 cases of anti-union activity occurred at an average of less than 180 in the whole industry, or about two or three in each mill, per year ; after 1940 they occurred less frequently, and since 1950 they have become still rarer. It would also appear that in these later years they occurred less as a matter of management policy and more often in the form of individual acts of supervisors.

Like the millowners, the T.L.A. started on its joint adventure on the basis of hopes and faith alone. In assuming, as one of its objects, the development of the workers' sense of responsibility to industry, it probably went further than most unions of the time in assuring the employers of its desire to perform a constructive role. But it was not until 1934 that it felt able to say that it was also prepared to co-operate with the employers for the good of the industry ; this it did, in connection with the dispute over the millowners' proposal for a wage reduction, in the following terms :

> The Union wishes to assure the Association of their abiding interest in the welfare of the Industry. The Union is not unwilling to consider any proposal which may emanate from the Association and which could result in the good of Industry being established without harm to the wage earners. We would go further and invite the Association to substitute for their present demand constructive proposals which would enlist the co-operation of labour for the purpose of strengthening the position of the Industry.[1]

Whatever hopes the T.L.A. may have had at the beginning were soon rudely shaken by instances of non-compliance with awards and of hostility to the Union in a number of mills. The T.L.A. took a particularly serious view of anti-union activities, regarding them as " too frequently the result of a deliberate strangling of the Union " on the part of the millowners concerned.[2] In spite of its substantial membership the T.L.A. was not in its young life a very strong and cohesive organisation ; workers stood in distant awe of the employers and their attachment to the Union was anything but firm and solid. Whenever a union man was victimised, it would cause panic in the hearts of many others, and Union membership would go plunging downwards ; for many years gains in new members could hardly make up for old members lost.

The question of hostility to the Union proved to be the most critical area in the T.L.A.'s relationships with the millowners. There were serious differences over wage issues and other employment questions, but these never evoked from the Union the same feelings of bitterness as did anti-union activities. The Textile Labour

[1] From a statement submitted by the Union to the Arbitration Board, dated 4 August 1934, in *History of Wage Adjustment in the Ahmedabad Industry*, Vol. III, p. 190.

[2] The Textile Labour Unions, Ahmedabad ; *Annual Report, 1925*, p. 2.

Inquiry Committee appointed by the Government of Bombay in 1937 had occasion to say in its report—

> Our colleague, Mr. Kandubhai Desai [T.L.A. Secretary], said that even in Ahmedabad trade unionism had a chequered career during the last two decades of its existence and no employer, with the exception of one or two, in spite of existing agreements, had allowed a union to be formed without resistance, victimisation and strikes.[1]

While the above statement was truer of the situation from 1920 to 1930, it would also appear to reflect more the strong feelings of the leaders about the very idea of employer opposition to the Union than the exact magnitude of the difficulties it had to undergo because of it. At any rate, with a more objective view of past experience, the T.L.A. leaders now willingly admit that the mill-owners had on the whole been quite fair to the Union. They have not hesitated to acknowledge the basic sense of justice and fairness on the part of the millowners, even while they disagree with them on specific issues.

Unlike many unions born in almost virgin traditional culture —indeed even in more favourable circumstances of social evolution—the T.L.A. did not have to fight for the mere right to exist and be recognised. On the contrary, when it was still struggling to gain strength the millowners had been willing to enter into compromises with it, even when they were in a position to impose their will by superior power and even to destroy the Union. The 1923 strike was, from this point of view, a memorable one for the Union ; it was disastrous and sapped whatever strength the Union then possessed ; the millowners could have stood on their original position and allowed the Union to fade away by attrition ; yet they entered into negotiations and accepted a compromise settlement giving some concession to the Union.

It can perhaps be said, with regard to the parties' attitudes, that the Ahmedabad textile industry presents at this time an exceptional case where the parties have learned to accept each other as fully and unreservedly as equal and mutual partners in industry as could be justified by experience. They respect each other's integrity and have faith and confidence in each other's basic aims and purposes. Neither has reason to fear that one will seek to do away with the other.

Progress in Co-operation.

The favourable attitudes engendered in the parties by their mutually satisfactory experience provided a condition for the development, within the framework of collective bargaining or the

[1] Vol. II, 1940, p. 373.

process of direct negotiations and discussions, of a more constructive type of relationship between them, characterised by increasing degrees of co-operation. It may, however, be noted that the experience under the original Arbitration Board had already produced the germ or vital element for co-operation—the parties' understanding that their interests were interdependent and were bound up in the welfare of the industry as a whole. They could not have succeeded in maintaining the degree of industrial peace they were able to achieve had not that element been present. From there, it was easier for them to develop collective bargaining into a process of mutual accommodation and adjustment.

Within this general pattern, the parties have devised various ways of dealing with problems of common interest. The first concrete step was the Delhi Agreement of 1935, in which they went further than simply resolving the specific wage questions at issue. The acceptance in this Agreement of the principle of rationalisation was significant; this question had hitherto been dealt with by the millowners unilaterally, the Union's principal role being to take up the complaints of the workers who were affected. The Delhi Agreement laid down certain standards and safeguards for the workers in the introduction of rationalisation; thereby, the Union obtained a voice in the application of the standards in specific cases and before measures of rationalisation were introduced.

Another important provision of the Agreement related to standardisation of wages. To implement this provision the parties agreed in 1938 to set up a joint committee to evolve a scheme of standardisation and, when the scheme was finally adopted, they appointed another joint committee to supervise its application. Similar joint committees had been constituted from time to time to deal with specific questions and were resorted to because the questions involved were highly technical and required thorough study and discussion on a more objective basis than was possible through the give-and-take of collective bargaining.

After the A.T.I.R.A. was established it came to fulfil a unique role in the parties' negotiations relating to these highly technical questions. At the joint request of the M.O.A. or individual millowners and the Union, it has undertaken scientific studies on rationalisation, work loads and job evaluation. Its role, generally, is limited to that of providing the parties with objective data derived from such studies and it does not make recommendations.[1]

[1] An important agreement on rationalisation concluded in 1951 between the M.O.A. and the T.L.A. gave the A.T.I.R.A. a more extended role. The agreement also laid down that the mills should provide suitable working conditions. For this purpose, it was agreed that the A.T.I.R.A. should be appointed to investigate working conditions, and should lay down the standards which should be adopted by the mills.

Its technical report becomes the basis of discussion between the parties, who reserve to themselves the responsibility for ultimate decisions. At the same time, in serving the parties in this way it has also acted as a kind of catalytic agent in removing misconceptions from the minds of the parties and in helping them to a common understanding of their problems.

This practice appears to have become fairly well established in the industry. However, in the implementation of some of the earlier work-load reports adopted by agreement, considerable resistance was noticed on the part of many of the workers concerned, owing, in part, to the fact that the concept was not understood by the workers and in part to their serious doubts about the good faith of the millowners in fulfilling the clauses of the Agreement. Because of this experience, the A.T.I.R.A. evolved a procedure for making the studies a co-operative effort of the parties concerned ; when a joint request is received, a team is formed for the collection of data composed of a management representative, a representative from the T.L.A. and a representative from the A.T.I.R.A. It has been noted that the workers' reactions to this procedure are more satisfactory.

The co-operation of the Union has also been given in other areas. It agreed to the experimental studies of productivity by a team of I.L.O. experts in two mills, already mentioned, and four of its officials were associated in this work. It also gave its endorsement to the T.W.I. programme carried out in 1953 and to a smaller scale experiment in collective teamwork. In order to be able to participate more effectively in the work and discussions relating to technical questions the T.L.A. appointed a textile specialist on its staff in 1952.

Apart from the forms of co-operation noted above joint consultation is carried on at the industry level. Until the middle of 1957 this was done informally, the parties meeting together as the occasion arose, as the outcome of which either an agreement was adopted or the management took direct action in the light of the views expressed by the Union. In 1957 the parties agreed to establish a temporary joint productivity council for the Ahmedabad textile industry, while negotiations were carried on concerning the constitution, structure and functions of a permanent body.

At the mill level arrangements had been made for a programme of improving working conditions and welfare facilities through inspections by principal officers of the Union. One of these officers would, upon prior appointment, make a tour of each mill, accompanied by a management representative and a Union representative for the mill. They would discuss on the spot any improvements that appeared necessary, whether due to shortcomings of the

management or the workers, and attempt to agree on appropriate corrective measures. Apart from these arrangements, joint works committees and joint production committees have been constituted in a number of mills under the provisions of the Indian Industrial Disputes Act, 1947, and the Bombay Industrial Relations Act, 1948.

Relations in the Undertaking

The original attitude of the millowners towards their workers was exemplified in the statement they submitted to the arbitrator for the 1918 wage dispute in reply to Mr. Banker's argument that the workers needed higher wages to improve their standard of living and his suggestion that the millowners might provide certain amenities and assistance to the workers. It may be useful to repeat that statement here.

> The points mentioned by Mr. Banker are based on false assumptions. He assumed that mills are run out of love for humanity and as a matter of philanthropy. In reality, mills are privately owned, and are run with no other motive than to make profit. Workers are employed with this aim in view, and therefore employment of labour and conditions of employment are determined purely on the basis of supply and demand and from the point of view of their efficiency .... According to our information nowhere is the relation of employers and workers regulated on the basis suggested by Mr. Banker in his statement .... Mr. Banker's approach is impossible, unachievable, visionary and utopian.

In his speech at the annual general meeting of the M.O.A. in April 1948, the President of the Association said—

> I think that the employers all over the country must disgorge themselves of the old orthodox ideas and pay adequate attention to the human aspects of industrial relations. In other words, an orientation of our ideas in economics is necessary to some extent and I am confident that our members will realise the importance of this matter.

Much water had passed under the bridge.

It is not clear to what extent Mahatma Gandhi's ideas about how employers should deal with their workers had influenced the change in the millowners' thinking. As arbitrator and as a friend he had always pleaded with them for better treatment of the workers and on occasions they would invite him to see improvements they had made, particularly in regard to welfare facilities. On one such occasion, during the opening ceremony of a crèche in a mill in 1928, he made an appraisal of the situation. This was what he said—

> ... Though I have a recollection of some bitter experiences I have also a number of sweet recollections of my relations with the millowners. I have not yet given up hope of Ahmedabad. I still expect great things of it. It has much to accomplish yet, and among other things, speaking as a labourer

myself, and as one who has tried to enter into the innermost feelings of the working class, I say that Ahmedabad has much to do yet towards the amelioration of the condition of the labouring class.[1]

Before 1948 comparatively little attention was given to working conditions, beyond the terms of arbitration awards and collective agreements, and still less to the question of improving personal relations between management and the workers. It would appear that this was due to certain local factors and to the fact, which might seem paradoxical, that the situation was, notwithstanding, satisfactory.

Of the local factors the jobber system, already referred to, was of first importance. Originally, the jobber was appointed to recruit workers and act as interpreter between them and members of management who did not know their language. As interpreter, he became a vital communications link between the management and the workers ; he also accumulated other functions—as supervisor, gang leader, and general utility man. The management relied on him to ensure smooth and continuous work, he exercised all the immediate supervisory functions that appeared necessary and was left pretty much alone in the way he dealt with the workers. The practice simply grew and for a reason—he recruited workers from his own family group, caste or village ; he knew them well and maintained close personal relations with them in and out of work.

Perhaps as a result of the jobber system, little importance was attached to personnel supervision as a function of management. Persons of authority in the industrial hierarchy who would normally be classed as middle-management or supervisory personnel in other countries were called technicians in Ahmedabad (perhaps also in other parts of India). The emphasis was on the technical aspects of their work ; they dealt mainly with questions of technological organisation, and their personnel functions appeared to be confined to the handling of workers' complaints in the later stages of the procedure.

On the other hand, conditions appeared to be satisfactory, compared with other textile centres in India, in so far as production was concerned. Studies showed that the efficiency and productivity of Ahmedabad workers was higher and that Ahmedabad mills suffered less from absenteeism than most centres. The need for a full labour complement to keep the mills going was assured by the jobbers and the presence of *badli* (reserve) workers and comparatively regular stable production was assured through satisfactory

[1] M. K. GANDHI : *Economic and Industrial Life and Relations*, compiled and edited by V. B. Kher (Ahmedabad, Navajivan, Publishing House, 1957), Vol. III, p. 196.

relations with the Union. It seemed that in these circumstances Ahmedabad millowners felt they could afford to leave well alone.

Thus, it would appear that, in most mills, apart from measures concerning labour welfare facilities initiated by management, relations with the Union would comprise the whole of what might be considered the labour and personnel programme of the management. The fact that relations with the Union had been satisfactory tended to be reflected in in-plant relations ; the workers appeared to be satisfied with what the T.L.A. had got for them in terms of higher wage rates and higher amounts of bonus ; and they could be happy over the efforts made by the Union to settle their grievances, with a comparatively large measure of success.

Just as important, the workers got much satisfaction from what the Union was doing to improve their social and moral well-being as members of the community. The T.L.A. had evidently done much in helping them to achieve a fuller and more meaningful life, to have happier families and homes, to have better health, to learn to read and write, etc. Workers who became satisfied in this way would be likely to bring their sense of satisfaction with them to work, and become thereby better and more efficient workers.

The Ahmedabad Textile Industry's Research Association has been responsible for a great deal of later advances in the improvement of working conditions, efficiency and productivity, in the adoption of more up-to-date methods and concepts of management and supervision, in the promotion of better human relations and understanding of human problems in the industry. But it should also be emphasised that the reins of industry in Ahmedabad have largely been taken over by a new generation of managers more willing to keep pace with the times. The establishment of the A.T.I.R.A. itself and what it has been doing are evidence of this attitude.

The A.T.I.R.A. makes studies on work loads and working conditions not only at the joint request of M.O.A. or a millowner and the T.L.A., but also on the individual requests of the M.O.A. and the millowners. It submitted to the parties concerned 45 reports on such studies in 1952, 13 in 1953 and 23 in 1954.[1]

---

[1] Among the studies published in the *A.T.I.R.A. Research Notes* mention may be made of the following :

Kamla CHOWDHRY and D. L. AMIN : " The Effect of Increased Illumination and Production on Damages in Loom-Shed ", Vol. II, No. 2, June 1952 ; Kamla CHOWDHRY : " Comparison of Productivity in the Different Mills of the Ahmedabad Textile Industry ", Vol. II, No. 3, July 1952 ; Kamla CHOWDHRY and V. R. TRIVEDI : " The Group Norm Chart Method as an Incentive to Increased Production in the Loom-Shed ", Vol. II, No. 6, Nov. 1952 ; idem : " Motivation to Work : An Improvement in Motivation

To implement the results of these studies, seven mills have employed psychologists and investigators. Several other mills have requested the A.T.I.R.A. to find suitable persons for appointment, but lack of trained personnel has made this impossible.

The operation of a T.W.I. programme for supervisors initiated in 1953 as an I.L.O. technical assistance project has become a regular activity of the A.T.I.R.A. ; in connection with that project, it appointed a training officer to act as local adviser to member mills on supervisory training. Supervisory training programmes have been introduced in more than half of the mills. The whole industry-wide programme is supplemented by a follow-up scheme.

As an outgrowth of the I.L.O. technical assistance project the A.T.I.R.A. decided to introduce an Operative Training Scheme for workers " who have been working in the industry for a considerable length of time and have acquired their skills in a haphazard manner from other workers ", i.e. for workers who have acquired by trial and error sufficient skills to carry on their jobs but have also learnt a number of wrong methods which it is the purpose of the scheme to correct.

For higher management, the A.T.I.R.A. organises an annual conference on management. In 1954 it conducted an Executive Development Programme in collaboration with the Indian Centre for Advanced Study and Training ; participants in the programme included not only management personnel but representatives from trade unions and social organisations.

In carrying on its work in the field of human relations the A.T.I.R.A. stresses the importance of giving due regard to local factors—of understanding and interpreting problems in the light of the distinctive characteristics and peculiarities of the social structure and modes of life obtaining in the Ahmedabad textile industry.

In 1952 one of the largest mills began a vast reorganisation of the management structure at all levels with a view to establishing work relationships from which members of each working group can derive greater satisfaction. The programming was carried out with the help of a specialist from the Tavistock Institute of

---

to Work of Winders and Warpers and Its Effects on Loom-Shed Efficiency", Vol. III, No 4, Aug. 1953 ; Kamla CHOWDHRY : " An Analysis of the Attitudes of Textile Workers and the Effect of These Attitudes on Working Efficiency ", Vol. III, No. 5, Sep. 1953 ; Kamla CHOWDHRY and V. R. TRIVEDI : " Job Evaluation—An Analysis of the Existing Structure in the Ahmedabad Textile Industry ", Vol. III, No. 6, Oct. 1953 ; D. L. AMIN, N. P. V. LUNDGREN and M. N. RAO : " A Pilot Study of the Cotton Weavers' Psychological Adaptation to Work, with Reference to the Effects of the Thermal Environment during Winter Season ", Vol. IV, No. 1, May 1954.

Human Relations in London [1], and is now being implemented by another consultant on a two-year contract, with the first specialist coming back every year for a two-month visit.

Summary and Conclusions

The Ahmedabad textile industry has for some time enjoyed a considerable degree of industrial peace. This has not been the result of one party making use of overwhelming power to impose its will on the other. With the workers represented by a relatively strong labour organisation the parties have dealt with each other as more or less equal partners and the peace that has prevailed is the fruit of a mutually satisfactory relationship.

In these circumstances the industry has grown and prospered. In practical terms industrial peace has meant regular and uninterrupted production; and it has provided the basis for the development of a relatively stable labour force and for increasing efficiency and productivity. Ahmedabad workers have had their share of the resulting prosperity; they are among the highest-paid industrial workers in India and, with their fellow workers in the cotton mills of Bombay City, they are the highest-paid of the country's textile workers.

The machinery developed by the parties in the Ahmedabad textile industry for the peaceful settlement of disputes has become known in India as the " Ahmedabad experiment ". In a real sense, the word " experiment " may be applied to the whole of the parties' experience in the development of mutually satisfactory relationships. The experiment has been a long one and only its more significant highlights may here be noted.

Sources of the Influence of Mahatma Gandhi

Because the part played by Mahatma Gandhi was so decisive, it becomes important to consider the sources of his strength—why his influence was so great and why his views won so much acceptance, even on the part of the millowners themselves.

In 1918 he was not yet India's great national leader but was already an eminent personality. He had acquired national prestige for his leadership of Indian settlers in Africa and for his social work on behalf of peasants. He was equally well known for his personal qualities—his deep religious sense, his moral integrity,

[1] See A. K. Rice : " Productivity and Social Organisation : I and II ", in *Human Relations* (London, Tavistock Institute of Human Relations), Vol. VI, No. 3, 1953, and Vol. VIII, No. 4, 1955 ; " The Experimental Reorganisation of Non-Automatic Weaving in an Indian Mill ", ibid., Vol. VIII, No. 3, 1955 ; and *Productivity and Social Organisation : The Ahmedabad Experiment* (London, Tavistock Publications, 1957).

his disinterestedness, his sense of justice and fairness. Himself a Gujarati he was among his people in Ahmedabad ; he became closer to them by living and working in their midst ; he was held in particularly high regard by the working people. While all these factors accounted in a large measure for the influence he exerted on Ahmedabad workers and millowners, his influence also gained real strength from the intrinsic worth of his ideas and the methods he employed.

At this point it is necessary to refer only to his methods. Firstly, he could sustain his views as being very near the truth because they were the result of study and investigation. It was said of him that—

> He is not a mere social scientist : he is a great scientist in the realm of social truth. He is great by his choice of problems, because of his methods of solution, because of the persistence and thoroughness of his search and because of the profundity of his knowledge of the human heart. His greatness as a social inventor is shown by the close adaptation of his methods to the culture and modes of thought and feelings of the people and to their economic and technological resources . . . .[1]

Secondly, he also had his own methods of persuading others to accept his views. He sought always to be on friendly terms with people who disagreed with him, to win them over to his views by appealing to their sense of justice and goodwill. Indeed, one of the most remarkable things about the Ahmedabad experiment was the way Gandhi paved the way for the unionisation of the workers without arousing the antagonism or active opposition of the millowners and for the latter's recognition and acceptance of the Union after it was formed.

No less significant were his methods as a leader of the workers, such as he displayed in the 1918 labour struggle. In order to be able to lead the workers effectively he sought to place himself in their position. The struggle was therefore planned to include investigation of the workers' living conditions, not only to find out how these might be improved but also to see what the workers' innermost feelings were ; not only to seek facts to strengthen the demand for increased wages but also to obtain more understanding of the total situation in which leadership was to be exercised.

Principles—Gandhi's Contribution and the Parties' Responsibility

In the final analysis, it will not be wrong to say that the parties in Ahmedabad—the millowners, the workers and their immediate leaders—adopted so much of Mahatma Gandhi's ideas as they

[1] Richard B. GREGG : " Gandhiji as a Social Scientist and Social Inventor ", in *Mahatma Gandhi—Essays and Reflections on His Life and Work*, edited by S. RADHAKRISHNAN (Bombay, Juico Publishing House, 1956), p. 74.

were willing to accept because they believed that those ideas were good and were based on principles and ideals they could believe in.

It may be important to emphasise this point. How the Ahmedabad experiment began cannot be explained solely in terms of a great man's influence. It would be a mistake to overlook or minimise what the parties directly concerned had done on their own responsibility. From one point of view the most important contribution of Mahatma Gandhi in Ahmedabad was to supply first principles. He provided the workers and the Ahmedabad Textile Labour Association with principles for trade union action and he offered the millowners the principles of respect for the workers' right to organise, of joint discussion with labour and of voluntary arbitration.

The parties accepted and acted on these principles not blindly but as thinking people, able to judge them for what they were worth. It is perhaps true that if they had been offered by a lesser personality, the parties might have disregarded them, considering the conditions of the time. But whatever sense of judgment and responsibility the parties showed in their acceptance, it was their own and theirs only—and to their credit. Gandhi sowed his seeds and they fell on fertile ground.

From this point of view the millowners' action was all the more significant. In 1918 they were not only steeped in tradition; they also showed the highest degree of economic orthodoxy. Their attitude towards the workers was that of a father towards his children—with all the authoritarian paternalism that this implied—and they wanted no third party to intervene. As they then said, "mills are run with no other motive than to make profit" and "conditions of employment are determined purely on the basis of supply and demand".

Nevertheless, they accepted trade unionism, the principle of joint discussion with labour and the principle of voluntary arbitration, and there seemed to be no doubt that they did so as practical-minded business men and as realists of the market place. Indeed, it is said in Ahmedabad that it was the business sense developed in the local merchant and financial community by a long commercial tradition and the tradition for compromise built up as a part of local commercial practice which induced the millowners to see the practical value of organising their relationship with labour on an orderly basis.

Union Recognition

From another point of view, what may perhaps be considered the most important single act in Ahmedabad was the millowners' immediate recognition of the T.L.A. It has been seen that, among

other reasons, this recognition was given following the steps taken to win the confidence and goodwill of the millowners. Gandhi and his associates not only avoided words and conduct which could excite the antagonism of the millowners but endeavoured to soften their hearts, to melt their prejudices and traditional attitudes. They made it clear that, while the Union aimed to protect the interests of workers and improve their lives, it also intended to pursue objectives which were consistent with the welfare of industry as a whole. It was perhaps easier for them to adopt this line of action because there had not been any previous history of bitter conflict in the industry and because the millowners had no previous experience which could have hardened their prejudice against third-party intervention in their relations with the workers.

The significance of the millowners' attitude may be measured in both negative and positive terms. The experience of parties who have fought over the right of a union to exist and be recognised seems to show that it is this issue, more than any question of terms and conditions of employment, that is the cause of the most bitter conflict between labour and management. The struggle for survival and recognition inevitably heightens the sense of antagonism between the parties, which, even after the union has been recognised and collective relations established, continues for years to mar their relationship. In Ahmedabad there was no greater cause of bitterness between the T.L.A. and the millowners than such acts of anti-unionism as did occur. This seems to show that the parties would undoubtedly have gone through the experience described above had the millowners chosen to wage a full scale war against the T.L.A. With the millowners' recognition, the parties were able to avoid this kind of conflict and its moral consequences ; knowledge of this is one of the factors affecting their favourable attitudes towards each other. Still more important was the fact that they were thus able to go ahead in organising their mutual relationships on an orderly basis, to begin their joint adventure in a more favourable emotional climate and with an open mind as to the future.

Leadership, Policies and Activities of the T.L.A.

Besides having been founded on principles of trade union action enunciated by Mahatma Gandhi, the T.L.A. generally takes inspiration from his ideas. As Union adviser and labour representative on the Arbitration Board, he also provided guidance to the Union on specific questions of policy and in connection with disputes. But he did not take an active part, even during the Union's early life, in the routine of policy-making and in the administration of

Union affairs ; this responsibility was assumed by the Union's immediate leaders, the President, other advisers and the Secretaries.

All of them were " outsiders " or, in the words of Gandhi himself, " non-labour " leaders, that is to say, none came from the ranks. Outside leadership seemed inevitable ; the workers were largely illiterate, fearful of the employers and divided by the caste system. Because of social distinctions and conventions, it was doubtful if the millowners would have had dealings with leaders drawn from the mills ; the " non-labour " leaders were acceptable to the millowners by virtue of their own social standing and they served to bridge the social distance between the millowners and the workers.

But the idea of educating labour to evolve its own leadership and self-reliant, self-existing organisation was a basic tenet in Gandhi's trade union philosophy. Although the T.L.A. had from the beginning a democratic structure, with representatives elected by the occupational unions to decide on Union policies, for quite a number of years major policies were actually shaped by the " non-labour " leaders. Evolving leadership took place as the elected union representatives were trained under the guidance of the " non-labour " leaders and as they themselves acquired experience and were able to make their voice increasingly felt.

It was clear, however, that the exercise of leadership over a large body of illiterate workers involved exceptional opportunities and responsibilities in the use of power. The " non-labour " leaders who initially took charge of organising and administering the Union had no previous experience of this kind of leadership. But they had training under Gandhi himself in his methods of work and leadership, especially during the labour struggle of 1918. And, as fervent disciples of the Mahatma, they adhered to his principles and ideals with something like a sense of mission. It was largely the way in which they discharged their responsibilities that determined the millowners' attitude towards the T.L.A.

The T.L.A.'s policies and activities in the industrial field have naturally affected the parties' relationship. But it should be noted that, in the wider role marked out for it by Gandhi, it pursues an extensive programme of welfare and social betterment activities for " the all-round development of the worker as a human being ". While these activities have been directly beneficial to the workers and members of their families and have helped them to enjoy more meaningful lives and to become better citizens and members of the community, they have other important implications and consequences.

Firstly, this programme of activities depends on a more intimate knowledge of the lives, conditions and needs of the workers and

their families. Knowledge thus acquired cannot but be valuable to the Union in developing its programme as a whole, particularly in relation to its industrial objectives.

Secondly, workers recruited from the villages have to face problems of adjustment to industrial life and in a new social environment. There seems to be no doubt that the Union's social betterment activities have helped them in their adjustment. It has, at least, given them a sense of belonging.

Thirdly, there is the fact, previously referred to, that these activities contribute to the sum total of the workers' sense of satisfaction, which they bring with them to their place of work.

Development of the Parties' Relationship under Gandhi's Guidance

There were two main periods in the development of the parties' relationship : the period of the original Arbitration Board, when the parties had the guidance of Mahatma Gandhi, and the ensuing period, when they were on their own. During the first period the parties' relationship developed largely within the framework of the resolution of conflict.

It was previously noted that the work of the Arbitration Board was essentially a form of joint negotiation and conciliation, with arbitration by an outsider as the terminal point of settlement, the two procedures being combined in one and the same machinery. It was not clear whether the idea for this kind of machinery originated with Mahatma Gandhi or whether it grew out of his discussions with the millowners, in the latters' desire to have him as an active participant, while taking account of his known sympathy for labour. It seemed, however, to be an example par excellence of social invention representing a close adaptation of method to the needs and resources of the people concerned.

As labour representative on the Arbitration Board, Gandhi undoubtedly made a great contribution in working out mutually acceptable solutions to many a dispute. But he had also many disagreements with his opposite number, particularly on important wage issues. Because the millowners respected him, they gave serious consideration to his views. But they looked after their interests as they would under other circumstances. In this respect the Board functioned just like any joint negotiating machinery.

What may perhaps be considered of more long-term significance was the guidance provided by Gandhi to the parties in another area—that of making a beginning and meeting the difficulties involved. The parties began with a handicap : except for occasional strikes in the past, they had no previous experience in mutual dealings. The use of the Board's procedure required a certain

degree of social skill and certain habits of mind that could only be acquired by experience. In a larger sense, what in effect the parties established by convention was a new social order for themselves. This required adjustment on the part of all concerned.

Aside from the part he played in the development of the Board's procedure, Gandhi's presence on the Board helped to increase the parties' acceptance of, and respect for it. But even with his influence and guidance the parties went through some early unfavourable experience. Firstly, there was the series of strikes which occurred from 1921 to 1923. In 1923, in Gandhi's absence, there was a complete breakdown of the procedure. With only two years' experience, the parties proved unable to stand on their own. Secondly, the evidence shows that the parties were not able to adjust themselves readily to their new social order. On the part of the millowners this inability was shown in instances of anti-unionism and non-compliance with awards. The Union at first reacted by resorting to strikes instead of seeking redress through the established procedure. It took more years of experience for the millowners and the Union to make the necessary adjustments.

The parties picked up the shreds of their arbitration machinery left by the 1923 strike when Gandhi resumed his work on the Board and thereafter its effectiveness increased.

In 1937 the parties felt able to provide for a new Arbitration Board without Gandhi's participation. It is possible that they could have done so earlier, had it been necessary. Over the years they had become more adept in the use of the Board's procedure. It had also instilled in them habits of mutual dealing.

Development of the Parties' Relationship on the Basis of Their Experience

The experience of the parties themselves also greatly contributed to the effectiveness of the original Arbitration Board. Their own attitude was that the arbitration machinery could only be slowly built up by a line of traditions, conventions and practices.

They made use of their experience to improve the machinery under the two agreements they concluded in 1937. It was by comparing their experience under their privately established system of disputes settlement with their later experience under government-established procedures for settlement that they decided to revive the arbitration machinery in 1952, with further improvements.

With experience their attitudes towards each other changed; the experience was mutually satisfactory and the changes in attitudes were favourable; mutual understanding, trust and

confidence and mutual good faith increased. These attitudes and the skills and habits of mutual dealing they had acquired enabled the parties, when they decided to abandon the arbitration machinery in 1939, to make greater and more effective use of direct negotiations. Collective bargaining became the normal method in the regulation of their relationship ; now that their thinking was less orientated towards conflict it developed on more constructive lines. They learned to discuss not only differences but also other problems of common interest, for which they evolved various methods of joint consultation and co-operation.

Conclusions

The Ahmedabad experiment may be an example of what it is possible to achieve even in an underdeveloped economy. It was not, however, the purpose of this study to present the system of labour-management relations in Ahmedabad as a model. The system developed under a particular set of economic and social conditions and against a background of a distinctive traditional culture. The intervention of Mahatma Gandhi was an exceptionally favourable factor, strengthened by the parties' own receptiveness to his influence and ideas. The parties were again fortunate to have later on the assistance and technical services of the Ahmedabad Textile Industry's Research Association. These factors give a particular uniqueness to the Ahmedabad experiment and it is therefore extremely doubtful whether this experiment could be duplicated in its entirety elsewhere. It may, however, be supposed that any of the methods applied by either or both of the parties in Ahmedabad, or the kind of machinery they have evolved for the peaceful settlement of disputes, could usefully be tried by others, with such adjustments as may be deemed appropriate, if they are willing to make the experiment.

Making full allowance for the effect of local factors on the development of labour-management relations in Ahmedabad, it nevertheless seems that the basic pattern of that development confirms what the experience of many others has shown, namely—

(a) that the development of good labour-management relations is essentially a process of slow and evolutionary growth ;

(b) that one of the factors of fundamental importance in this development is that of attitudes ; and

(c) that the early stages of this process involve many difficulties and the parties need guidance and assistance.

To illustrate the above points, the following observations may be made :

(1) It can be said, in retrospect, that it is the wealth of experience the parties in Ahmedabad have acquired which constitutes the most concrete and positive basis for industrial peace and mutually satisfactory relations in industry. While Mahatma Gandhi offered them the principles on which to organise their relationship—principles that might originally have been accepted unhesitatingly because of the eminence of the leader's personality—they now have their own experience as solid proof that those principles were not only sound, but workable and practical. Their relationship thus now rests on a solid basis. The parties have made a conscious effort to draw lessons from their experience. In this respect, they have perhaps simply followed Gandhi's method of experimentation and social invention, applying to the study of their experience nothing more than their plain commonsense. With this kind of approach, with such knowledge as they now possess, with the habits of mutual dealing they have acquired, and with the methods they have developed for joint efforts, it may be easier for them to face new problems and make such adjustments as changing times and conditions require.

(2) The Ahmedabad experiment is a continuing one. As times and conditions change the parties may have to face new problems. It would, of course, be wrong to say that there is complete harmony or no room for improvement in Ahmedabad. Either party will always have some ground for dissatisfaction with the other or with some aspect of the situation. An outsider bringing a fresh outlook may be able to detect flaws in practices that have been taken for granted. On the more positive side, the potentialities of labour-management co-operation are great and much apparently remains to be done in the field of human relations. But the important thing is that, with the benefits of their experience, the parties should feel prepared for the tasks ahead. In recent years they have in fact been moving forward in the areas of co-operation and human relations; the Ahmedabad Textile Industry's Research Association has been making an effective contribution and there is every indication that it will play an increasingly important role in the future.

(3) As the Ahmedabad experiment shows, even under exceptionally favourable circumstances good labour-management relations cannot be developed overnight. Subject to external factors, the progress and direction in this evolutionary growth depends on the parties' attitudes and the extent to which they are able to acquire social skills, habits of mutual dealing, as well as lessons from their experience. They may reach a stage in which they have mastered the arts of mutual accommodation, and have learned to co-operate

with each other, but this may be possible only after their relationship has attained a certain degree of maturity, and they have ceased to think solely in terms of conflict.

(4) The question of attitudes is fundamental at all stages. Machineries and procedures may be meaningless unless the parties have the human qualities to make them work. It is perhaps precisely at the beginning that this matter of attitudes assumes its most critical aspect ; the way the parties begin tends to generate a chain reaction which largely determines the future course of their relationship. It is open for the parties either to start with mistrust, antagonism and lack of knowledge about each other's aims—in which case they fall victim to prejudice and misconceptions ; or to start with mutual goodwill and open-mindedness, as was done to some extent in Ahmedabad, with an increasingly favourable atmosphere.

One thing, however, appears essential if the relationship is to have a chance of development for the better : the employer's respect for the right of the workers to organise without interference from him or his agents, and recognition of the right of the workers to bargain with him through their freely chosen representatives. In other words, it is of vital importance to the parties to avoid beginning with an open conflict over the right of the union to exist and be recognised. It seems clear that the responsibility for this falls heavily on the employer. But the union also has its part to play. Just as it wishes to be assured of the employer's motives in regard to it, so the employer would wish to be assured of its motives in regard to his business.

(5) The parties obviously need help and guidance while taking the first steps from which they can make more solid advances. This is required both for the development of correct attitudes, which affect not only the degree of their acceptance of each other but also their capacity to adjust to the new kind of social order implicit in collective bargaining relationship, and for the effective use of collective bargaining and other established procedures.

The particular form of assistance which enabled the parties in Ahmedabad to get over their initial difficulties consisted in the intervention of a very highly qualified, eminent and selfless man—Mahatma Gandhi. They willingly accepted his assistance and it was useful and effective because he commanded their respect and enjoyed their full confidence. The millowners themselves recognised his role as a friend who was concerned with the welfare of industry as a whole and understood its problems. In this sense his intervention was essentially that of an outsider.

Long ago Sidney and Beatrice Webb pointed out the importance of the intervention of an " eminent outsider " in conciliation or arbitration to forward collective bargaining. Referring to a situation in the earlier history of labour-management relations in the United Kingdom, they said—

> If both parties are willing to bargain, and are sufficiently well organised and well educated to be capable of it, no outside intervention will be needed. In those industries, however, where organisation has begun, but has not yet reached the highest form ; where the employers are forced to recognise the power of the men's union, but have not yet brought themselves to meet its officials on terms of real equality ; where the workmen are strong enough to strike, but do not yet command the services of experienced negotiators, the intervention of an eminent outsider may be of utmost value. It is of small importance whether his intervention takes the form of " arbitration " or " conciliation "—that is to say, whether he is empowered to close the discussion by himself delivering an " award " as umpire, or whether he must wait until he can bring the parties to sign an " agreement " .... *In either case his real business is not to supersede the process of collective bargaining, but to forward it.*[1]

Perhaps the major significance of the Ahmedabad experiment is to be found in the fact that one of the most practical and effective forms of assistance to the parties may be this matter of getting a qualified, disinterested and respected outsider to intervene between them as a conciliator or arbitrator. His assistance would be valuable not only in the actual settlement of differences but in getting the parties to carry on their discussions with some degree of objectivity, with greater reliance on facts and factual arguments. Probably more important, his influence could restrain the parties from possible excesses and help them to overcome tendencies arising from traditional attitudes, misconceptions and prejudices.

As an example of an " eminent outsider ", Gandhi was unquestionably exceptional. But his case goes only to show that the more the conciliator or arbitrator enjoys the respect and confidence of the parties, the more he is likely to be useful and effective. A lesser personality than Gandhi might be less effective, but if he possessed the necessary personal qualities for the work, if he had sufficient understanding of the problems involved, if the parties could believe in his fairness and impartiality, and if he enjoyed that condition of " eminence " which could command their respect, his intervention could nevertheless be highly useful and valuable to them.

The parties in Ahmedabad were able to have the services of Gandhi in the arbitration machinery—and of other eminent outsiders as umpires—by private arrangement. This method may

[1] Sidney and Beatrice WEBB : *Industrial Democracy* (London, Longmans, Green & Co., 1920), p. 240 (italics supplied).

be possible where comparatively large organisations are involved or where the employers and the workers in the industry are sufficiently well organised, as in Ahmedabad. For most parties, however, the assistance of eminent outsiders may be available only through the conciliation and voluntary arbitration services provided by the Government.

Various methods have been developed for enlisting eminent, independent personalities of the community in these services. But the full-time government conciliator needs also the " eminence " of a sufficiently high official status for the job of persuasion he has to do. He needs to be in a position which will win for him the respect of men of importance—the management and trade union leaders—with whom he has to deal. The organisation and strengthening of government conciliation and arbitration services from this point of view may be one of the most effective means of developing collective bargaining and promoting good labour-management relations.

The added expenses of strengthening the conciliation and arbitration services, of providing them with men of high calibre who can do a more effective job, may be insignificant compared with the value of losses from avoidable work stoppages. It is known, however, that the importance of good labour-management relations cannot be assessed in these terms alone ; they are just as important for increasing productivity and efficiency and for economic and social progress as a whole. In present-day conditions social peace or social unrest is almost always equated with industrial peace or industrial unrest ; sound industrial peace can provide a strong basis for an enduring social order and political stability. It is through its conciliation and arbitration services that the government can move in the most direct way and at the highest practical level to promote good labour-management relations and industrial peace. It can exert its most effective, beneficent influence over the parties through the people to whom it has given the responsibility for dealing with them—in the concrete setting of close, personal relationship—on matters of the most immediate concern to them.