

Industrial Relations and Social Security

Following a conference on Industrial Relations which was held in Halifax this fall, it was decided to devote a special department in PUBLIC AFFAIRS to problems of Industrial Relations and Social Security.

THE ROLE OF INDUSTRIAL RELATIONS IN MODERN INDUSTRY

by J. E. MACPHERSON

Extracts from an Address given at the first Maritime Conference on Industrial Relations in Halifax October 29 and 30.

THERE is much confusion concerning the objectives of industry and much more confusion concerning the objectives of different groups who are part of the industrial organization. For example, it is said that a distinguished professor of economics at a well known university frequently asked the question on his examinations, "What is a foundry for?" and only one answer was acceptable—"to make a profit". This is the attitude of mind of many business executives. On the other hand, some would apparently answer this question by saying that the purpose of a foundry is "to provide shorter hours and more pay for the workers". Many government officials, if they answered in accordance with their actions, would say that the purpose of a foundry is "to provide more taxes for the government."

The demands of these groups do not represent, however, the real objectives of industry, but only the immediate desires of specialized groups. The most intelligent and far-sighted of all these groups would agree that the objectives of industry are far broader and more significant than the current demands of any of these groups would imply.

Sooner or later we must come to see that the major objectives of industry are:

1. To produce a continuously increasing amount of consumable wealth for distribution among the members of society.

2. To provide an equitable opportunity for all members of society to share in the distribution of this wealth on the basis of what these members contribute as a result of physical and mental effort.

3. To provide a form of organization and develop a plan of human relations that will enable all members of industry to receive the maximum amount of pleasure and the minimum amount of discomfort in their cooperate industrial activities.

4. To aid in the development of a form of society and an attitude of mind which will result in the use of this increased wealth and opportunity in such a manner as to develop our intellectual abilities and spiritual characteristics to as great a degree as possible.

These objectives are inter-related and inter-woven with each other. It is impossible to achieve any one of these to a satisfactory degree without achieving to some degree each of the others. For example, if there is not an equitable distribution of wealth, in the end there will not be a satisfactory amount to be distributed because the members of industry will be so dissatisfied that combat and strife between different groups will result in inefficient production. Again we cannot be efficient in the production of wealth in the long run if we do not develop the intellectual abilities and spiritual characteristics of the people. On the other hand, intellectual and spiritual development will be hampered if the amount of wealth produced is limited or that produced is distributed inequitably.

The achievement of such objectives is not an easy task. There are many ways in which the requirements for their achievement might be stated. It is impossible to state them all because some are so intangible that we cannot

*EDITOR'S NOTE: J. E. Macpherson is Vice-President of the Bell Telephone Company of Canada. Parts of the address are based on ideas expressed in the book by the Right Hon. W. L. Mackenzie King, "Industry and Humanity."

describe them adequately by use of words. Some of these requirements probably can only be felt and not expressed. As a means, however, of making our thinking somewhat concrete, we can state the major requirements for achieving these objectives as the following:

1. An understanding on the part of those who would achieve to leadership of the causes and nature of our present problems. Confusion is the word which probably most accurately describes the state of mind in which the world finds itself today. We have confusion of thinking and this leads inevitably to confusion in action. This confusion in action again leads to maladjustments which create many of our most important problems. To correct this confusion it is not enough that we have knowledge; we must also have understanding. Knowledge without understanding may lead to worse confusion. Some of our best informed people are more confused than some of our most ignorant. At least the latter are not so confused in their action as the former because they are usually guided by a single purpose.

In seeking to understand, we must search for causes before we seek for remedies.

2. An understanding on the part of each of the groups in our industrial society of the attitudes of the other groups. Our objectives will not be achieved if each group belittles its own shortcomings by magnifying the shortcomings of each other group. Too many have engaged in the sport of mud-slinging for a long period of time. This sport was not so dangerous as long as they did not hit each other or any of the innocent bystanders and as long as the bystanders did not take a part in the game. Unfortunately, many of those engaging in the contest and of the bystanders have taken the game seriously. As a consequence, we have had industrial society broken up into groups with distinct class consciousness, each of which is trying to benefit itself at the expense of the other. For example, the term "collective bargaining" of which we hear so much at present is indicative of an assumed

antagonistic interest of management and labor. I do not mean to imply that collective bargaining may not be a necessary and useful plan of organization at our present stage of industrial development. In fact, I can conceive that this plan, if rightly used, may serve as a means of enabling management and labor to come to a better understanding of each other. It may serve as a means by which these groups may work together in the achievement of certain mutual objectives.

I do say, however, that it should not be necessary for labor to bargain to secure its "rights" or for management to bargain to protect its rights. The objectives for both should be the same. I also say that collective bargaining in the sense in which the term is now used would not be necessary if management had performed its task properly in the years gone by. I do not think that management has failed because it has not developed efficient methods of performing industrial operations. I do not think that it has failed because it has taken too much of the material rewards of industry and given to labor too little. I do think it has failed, however, because it has not developed mutual understanding and mutual trust among the members of industry and has not made labor feel that it is a part of a cooperative effort seeking objectives in which all members of industry have a mutual interest.

There must be an understanding among these various groups before there can be confidence and trust between them; and without confidence and trust there cannot be cooperation; and without cooperation it is impossible to achieve the objectives we have stated.

It is the role of industrial relations, in whatever form, in a society highly industrialized, to find the ways and means by which the parties to industry may mutually express their energies. Co-ordination is to be achieved, not by one act, but by a process.

What are the main problems which these parties to industry must consider?

Security of Employment. Foreign competition, seasonal character of certain industries, changing markets, cyclical depressions, are factors beyond the control of the most skilful management.

In some cases individual industries have kept plants going at a loss rather than lay people off, but that can be done only for a short time, and some form of social security legislation must come. Much better that it should come in a form and on terms which the parties to industry agree upon as fair—and that agreement can best be reached through the mutual understanding brought about by proper industrial relations.

Other accidents of life against which security should be provided are sickness, industrial accident, old age, death (involving provision for the worker's family).

The loss of earnings, current and potential, through industrial accident is now generally provided for under Workmen's Compensation laws—an instalment of the body of social legislation which will gradually develop. In many instances enlightened industry has provided against these contingencies and in so doing it is undertaking in a progressive spirit its share of social obligation. It will be really saddening to those who have undertaken these farseeing policies if they find themselves obliged to merge them in legislative plans of more widespread application, and perhaps of less value to those engaged in that particular industry.

There are insurance plans, thrift plans—all of them good—some of them very good—if they contain the possibility of the man doing something for himself, something to arouse his ambition, hope, and courage. Not so good if they smack too strongly of paternalism.

The glow of paternal benevolence is very warming to the parent—but independence is a very precious thing and must be respected. Above all, conscientious fulfilment or indeed anticipation of social duty should never be considered as an offset to proper pay for proper work.

The main items of the workers' industrial interest, however enthusiastic about the common enterprise, are wages

and working conditions, including opportunity for promotion. And a voice as to these and as to the several matters earlier referred to is also the centre of industrial relations, no matter how carried on.

Management must carry its responsibility, but under fair industrial relations it can do so only by the establishment of Faith—and the frankness and honesty of purpose which will create that faith demand a like frankness and establishment of Faith by the Labour partner.

In an experience of some years, I have found that informative discussion of the objectives of the business, its problems, their possible clearance, is a solvent of apparent difficulties and discloses in the worker an intelligent comprehension of matters outside his daily job. Reticence, particularly in competitive fields, may doubtless be necessary, but it must be reticence as honest as is the confidence.

All these relations in whatever form must be in the clear light of honesty.

CONFERENCE ON INDUSTRIAL RELATIONS

SPONSORED by a group of Maritime industrialists headed by J. B. Hayes, Manager of the N. S. Light & Power Co. a Maritime Conference on Industrial Relations was held at Dalhousie-Kings October 29 and 30. Similar conferences are regularly held for central Canada at Queens University, for the eastern part of the United States at Princeton University, and at various other universities in the United States. It is the purpose of these conferences to give careful study to the problems affecting the relationship between companies and their employees and also to the efforts of governments to promote the welfare of the worker.

The first session under the chairmanship of J. B. Hayes was occupied by papers and discussions dealing with the employer-employee relationship. J. E. Macpherson, Vice-President of the Bell Telephone Company of Canada spoke on "The Role of Industrial Relations in Modern Industry". F. M. Blois, Superintendent of Stanfield's Limited, gave a paper on "Wage Determination". Dr. F. H. Sexton, Principal of the Nova Scotia Technical College, chose as his subject "The Human Factor in Scientific Management".

In the foreground of the second session which was presided over by D. R. Turnbull, Managing Director of the Acadia Sugar Refining Company,

was the problem of social security. Dr. F. W. Gray, Assistant General Manager of the Dominion Steel & Coal Company, and B. J. Waters, General Manager of the Mersey Paper Company discussed "Security Against Accidents", while Professor L. Richter of Dalhousie University, dealt with the methods applied in the United States to provide "Security Against Unemployment". A paper on "Security Against Sickness" which was on the programme could not be given as the speaker, Dr. A. Calder, President of the Medical Society of Nova Scotia, was detained by urgent cases.

The last session, presided over by Dr. H. F. Munro, Superintendent of Education for Nova Scotia, was given to educational problems. H. A. Weir of the Halifax Academy spoke on "The Need for Skilled Workers", pointing out the need for vocational training in many parts of the province. The successful steps taken by the Provincial Government to train unemployed young men from mining areas as hard rock miners in the experimental mine in Chester Basin, were shown by A. R. Lawrence of the Department of Mines in Halifax. D. W. Morrison, Mayor of Glace Bay who was to speak on "Bringing Unemployed Back Into Industry" was prevented from coming by a labour conference in New Brunswick.

The programme also contained two luncheon meetings. At the first, under the chairmanship of J. H. Winfield, President of the Maritime Telephone & Telegraph Company, Hon. Michael Dwyer, Minister of Labour for Nova Scotia addressed the meeting on "Recent Labour Legislation in Nova Scotia". At the luncheon closing the conference, Prof. H. L. Stewart of Dalhousie University spoke on "The University's Contribution to Industrial Relations". A. N. McLean, Saint John, President of Connors Bros. was in the chair.

The conference was attended by more than forty industrialists from all parts of the Maritimes and a number of other invited guests. Three companies sent, in addition to their local managers, industrial relations officers from the companies' headquarters in Ontario and Quebec. The provincial governments were represented as well as the Federal Department of Labour.

The conference proved so successful that it was decided to make it a permanent institution as is the case in Central Canada and in British Columbia. A committee was formed to carry on the work and to prepare next year's conference. The committee is composed of the following: J. B. Hayes, Manager, Nova Scotia Light & Power Company, Chairman; J. A. Ford, Manager Swift Canadian Company, Moncton; F. W. Gray, Asst. General Manager, Dominion Steel & Coal Company, Sydney; D. R. Turnbull, Managing Director,

Acadia Sugar Refining Co., Halifax; B. J. Waters, General Manager, Mersey Paper Co., Limited; A. N. McLean, President, Connors Bros., Saint John; and Geo. E. Graham, Dominion Atlantic Railway, Kentville. Professor L. Richter of the Dalhousie Institute of Public Affairs will serve as Secretary to the Committee.

UNEMPLOYMENT INSURANCE

Prime Minister Mackenzie King has announced that the Dominion Government will submit to Parliament this winter an Unemployment Insurance Bill, provided the provinces agree to an amendment of the B.N.A. Act authorising the Dominion to legislate in this field. Such authorisation is necessary since the Privy Council has declared unconstitutional because *ultra vires* the Employment and Social Insurance Act introduced by the Bennett Government and passed by Parliament in 1935.¹

Under these circumstances it is interesting to learn what progress the United States have made in that field and what unemployment insurance means to their citizens. We quote from a recent article written by Arthur J. Altmeyer, Chairman of the Social Security Board, in the *American Federationist*:

"To-day, every State and Territory under the United States Government has an unemployment insurance law. The workers in nearly 21 million jobs throughout the country are protected by these laws. One State, Wisconsin, has been paying out-of-work benefits for over a year. In January of next year nearly half of the States will begin paying benefits. This means that a very large part of the country's wage-earners are now, for the first time in American history, assured of regular weekly payments for a definite time in case of future unemployment. And what is more, they are assured of these benefits as a matter of right by virtue of their own earnings and industry. This sweep of unemployment compensation laws is beyond question the greatest advance in labor legislation ever made in so short a time. It has taken a quarter of a century to make comparable progress in the field of accident compensation—and even to-day two States do not have workmen's compensation laws."

But unemployment insurance is also on its way throughout the whole British Empire. In South Africa the Unemployment Insurance Benefit Act, 1937, which was passed a few months ago, provides the Union with a compulsory system of unemployment insurance, and in Australia a report on the same subject by a prominent British expert, drafted on request of the Government, has just been submitted to the Parliament of the Australian Commonwealth. In the introduction to the Report it is stated that while the institution of a

(1) For criticism of this decision see article "The Canadian New Deal" in PUBLIC AFFAIRS 1, No. 1, p. 36.

system of unemployment insurance in Australia presents a number of difficulties, a scheme based on the principles of the British system and modified to suit the conditions existing in the Commonwealth is quite practicable.

UNIFORMITY OF OLD AGE PENSIONS

A conference seeking to co-ordinate old age pension laws in the nine provinces, held its initial meetings Nov. 1st, under the chairmanship of Hon. C. A. Dunning at Ottawa. If there needs to be nine different administrations of old age pensions, one for each province, the desire is that there be reasonable uniformity throughout and also that any abuses which have developed be eliminated. These are the objectives of the conference, which was in the nature of an experience meeting and comparison of notes.

The Dominion Government contributes 75 per cent of the total costs and the provinces attend to administration. This is because the constitution places social services under the provincial authorities. The Dominion Government might be inclined to assume the whole obligation of pensions and their administration, but for the present it is necessary to go on with the system as it is.

The ultimate responsibility is one of the matters to be dealt with by the Royal Commission on Federal and Provincial Relations. If it makes such a recommendation and the provinces are favourable the reform suggested could be brought about only by an amendment to the B. N. A. Act.—From *The Municipal Review of Canada*, November, issue.

EMPLOYMENT SERVICE FUNCTIONS

What are the functions of an efficient employment service?

It should collect and provide necessary statistical information on which broad planning to meet present and future labour requirements of industry and agriculture can be based. It should be a repository for accurate information on (1) the labour demands of industry and (2) the available supply of employable workers;

It should procure reliable data on the qualifications, ability, experience, and general fitness of each worker;

It should link up with the school, on the one hand and the employer on the other, providing the young man or woman, boy or girl, who has completed his or her education, with some degree of vocational guidance;

It should devise and operate for thousands of workers, systems whereby these workers may be registered, classified accurately, referred to suitable employment and kept informed of basic changes affecting their trades and professions;

It should go even farther than those men and women workers now in the employable category. Its ingenuity and enterprise should be utilized in an effort to include among the employables many of those now on the border-line. This may be possible either through retraining or such treatment as may be necessary to restore physical fitness;

It should look into the future, be as it were, the advance agent for labour requirements;

With the date at its command, it should be able to advise on suitable training projects for youth and retraining for displaced workers.

A glance at these suggested functions reveals immediately the paramount importance of public interest in and support for any system of employment agencies. Only as directly interested parties and the community participate in its work can a district or local employment office function successfully. This joint participation and interest can be created and developed through the establishment of local advisory councils supplementary to employment offices. Such councils provide the foundation on which the employment service rests. They are the link between the service and the community, bringing the needs of the community to the service. The councils should, through their intimate knowledge and study of local conditions, be in a position to advise the service, not only on employment requirements of the district, but also as to the best type of plans for increasing employability in both the young and older groups. Once the public becomes a friend and active ally of the Employment Service, its success is assured.

This fact has been emphasized in connection with the operation of the Labour Exchanges in Great Britain. There, it is stated, local employment committees are the foundation on which the exchange system rests. Members of the committees take their work seriously and often devote large amounts of their time to it. Without them public opinion might be less cordial to the exchanges. Composed of leading employers, representative workers and influential members of political philanthropic and educational organizations, they constitute public relations bodies for the system. They make it truly national as well as official.

It is not the intention to convey the impression in this article that the employment service should enter into the administration of aid. Indeed it is important that it should not. Naturally it would be required to determine the employability of aid recipients, and for this purpose certain standards would have to be set up. This fixing of standards of employability would be an important function of an efficient employment service system. To carry it out effectively constant occupational research involving both job analysis and analysis of individual worker's degree of competence, would be necessary.—From *The Information Service of National Employment Division*.