

which are primarily dependent on the state of international economic relations, there are three types of current planning which are decidedly worth while.

The first covers preparations for the first stages of demobilization—the order in which troops and war workers are to be demobilized, the problems of reconversion of war industry, the institution of public works programs, etc. Useful preparatory work has already been accomplished by the various sub-committees of the General Advisory Committee on Demobilization and Rehabilitation and by the Committee on Reconstruction. As far as the armed forces are concerned, a pre-enlistment occupational history survey has been taken of every person in the army, navy and air force which has already been of assistance in connection with war-time manpower problems. This survey will need to be supplemented by placement interviews just prior to demobilization, in order to record changes in qualifications and in occupational preferences.

Work on the preparation of a Public Works Reserve is only in the preliminary stage. What is needed eventually is not merely a list of desirable projects but actual engineering plans and financing

arrangements covering a preferred group of projects.

The second category of postwar planning comprises the preparation of minimum standards of social welfare and social security. Work along these lines has been described in preceding articles.

The third type consists in concrete research into the industrial and employment structure of the Canadian economy. No matter what general reconstruction policies are finally adopted after the war they cannot be pursued quickly and efficiently without detailed knowledge of the structure of each main industry, of its inter-relations with other domestic and foreign industry, and of its postwar conversion problems. Only with the aid of such industry studies can we estimate the "employment content" of different postwar programmes and the effect of each on different regions of the country. They can be conducted on both national and regional levels and can give focus to and coordinate regional studies and plans made by local bodies. In sum, industry studies are instruments which will be required by most of the executors of postwar policies and which should therefore be fashioned without delay.

## Improving Relations Between Management & Labour

By H. A. LOGAN

**L**ABOUR relations in the reconstruction period, like other phases of our institutional set-up, are not to be regarded as something complete and static but rather as passing through a stage of development. Experience of social process everywhere teaches us we must regard them as dynamic. Admitting the necessity for a framework for the

new order—which structure I leave to others in this issue to portray—I shall attempt to suggest the lines of evolution that industrial relations are likely to take as they develop in conformity to this proposed frame. In the main—assuming the frame as outlined—I suspect we shall be operating industrial relations through devices and principles already well known and tested, but with new applications, extensions to new areas, changes in the quality of the instruments, and in some instances essential changes in their control. I am happy to announce in advance

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that I have not found it necessary to anticipate dependence on agencies that are undemocratic in their tendency. I proceed to cite them forthwith:

### **Free Bargaining in the Purchase and Sale of Labour**

Free bargaining, as the basic way of defining the relation between employer and employee, is with us to stay. As it started at the break-up of feudalism and developed in purer form in the eighteenth century it contained the germ of a great advance in human freedom. The idea of a man being at liberty to sell his services to whomsoever he liked and of another to hire this man or any other as he chose represented a great gain in freedom of choice. It implied the ability of either party to withhold his part until the terms were the best that were to be found according to his judgment. No other consummation could be as desirable. Conditions could be arranged suitable to the parties even though at variance with the conditions of every other contract. The arrangement could be terminated at the will of either party when it failed to satisfy. Surely here was an instrument better suited to a free future than previous arrangements based on custom and authority, which though protective in design, were uniform in their prescriptions and failed psychologically to give sufficient place to individual likes and dislikes, desires, and capacities. Furthermore, it served as a mark of personal maturity that each free man at last could arrange this most important matter for himself. Progressive men like Adam Smith—philosophers they were as well as economists—were not wrong in sensing the merit of this new method of relations as contrasted with the State paternalism in these matters that had been characteristic until then.

But the trouble with individual bargaining in labour relations almost from the beginning has been that the conditions necessary for its satisfactory operation have seldom existed. Its rationale assumes somewhat equal strength in the parties involved both among the com-

petitors and across the market. This condition, as we know, faded with the gathering together of greater and greater aggregations of capital. The worker failed to find the plurality of prospective employers among whom he could exercise choice, and in his necessity he had little ability to withhold his services for better wages and working conditions. He must need accept the terms offered by this more favourably placed employer. Free bargaining as an institution in other words rarely existed. It tended to deteriorate into a new authoritative regime with the employer substituting for the earlier State.

But bargaining itself was not discredited at that time nor has it ever been. The problem has been to maintain the conditions that will let it function. The foremost answer to the aggregation of capital has been the trade union developing naturally to bring together the workers and to meet the employer, strength for strength, in collective bargaining. Needless to say considerable of the freedom and excellence of individual bargaining are sacrificed. The wide variability expressive of personal preferences characteristic of small contractual relations is gone. Individual creativeness has to be submerged in the will of the whole group in framing policy and battling for terms. At worst, and all too often there has been little participation by the rank and file in developing the terms, their only function being to throw in their weight in a final trial of strength. On the other hand, at best, we find an exhibition of representative government operating more intelligently probably than in any constituency in our political democracy.

### **An Extension of the Use of Representative Government**

The change from individual to collective bargaining parallels the step from direct to representative government in the political sphere. The conditions in areas of industrialization, and of congregated capital even where big industry is lacking, have been making it equally necessary.

Britain in the decades before 1914 and the United States in the 1930's provide an index to the trend. In Canada it may be accelerated by the increased organization of labour which may be anticipated after the war. The fact that in future there are not likely to be the opportunities for setting up little independent businesses or going on the land will bring workers in the union who in earlier years kept away from it. The wage-earning class is likely not only to be larger but the wage-earners are likely to be permanent wage-earners to a greater extent and this will tend to strengthen the labour movement and the trend towards collective bargaining.

However, the sweep is not likely to be clean. In Canada as elsewhere there will be considerable areas where individual dealing will be more equitable and where it will still be practised, but the collective bargain is likely to be characteristic in the days to come.

The first condition of representation here, as in the political sphere, is that all parties shall be free to choose their own representatives without let or hindrance and without fear. A vital error after the last war both in the United States and Canada lay in curtailing this freedom even while making provision for representation. This was the mistake in the two conferences called by Woodrow Wilson which left the workers dissatisfied down to the era of Franklin Roosevelt. In the "employees representation movement" the employers conceded something, but they not only restricted the choice of spokesmen to men in their own employ, but limited their authority and the range of topics with which they could deal. This half-way house is not likely to stand in the new order and although contributing something in the practice of working together, will doubtless be recorded by future historians as a grievous blunder.

A second condition of effective representative government is that men shall not be discriminated against for voting as they like and for taking membership in the free organizations cal-

culated to interest and assist them. This condition also, so frequently denied in connection with workers' right to join unions, will have adequate guarantees in the future.

### **An Extension of Matters Brought Under Agreement**

It is becoming increasingly apparent that the collective labour agreement is not a mere buying and selling of a service but a basis for human relationship over a wide range. A study of collective agreements will reveal that usually a relatively small part of the written statement relates to wages and that an increasing amount of space is given to such matters as providing shop committees, grievance procedure, methods of wage payment, laying off of workers, dealing with technological changes, and defining the condition of employment. This is a trend that is likely to go further especially in quality and in exactness. It represents a wider domain of agreement and mutual guarantees, a shrinkage in arbitrary dealing. It means precision, and standard ways of doing things. It is only through collective bargaining that these results can be obtained and in this respect it is proving superior to its forerunner. Without it the individual worker is bound to accept and be governed by all the policies and regulations of the firm running from management, directors and stockholders, many of which he cannot know at the time of taking work—much less influence. There are so many factors involved in industrial relations to-day that simply cannot be taken care of in individual bargaining between employer and employee.

It should be appreciated too, especially in view of this increased area of coverage, that collective agreements, possibly modified in some respect, will be necessary in industries operated directly by government. Many people assume in a democratic country, since the government "is the people," that workers need no further expression than that which already lies in their political representation and power. This is surely a mistake.

Any group of men working on a common project and carrying on under the conditions of a particular industry have a set of vital interests which may well be distinct from those of the rest of the great political electorate, or perchance outside the range of its observation. As workers they have an intimate knowledge of the way of life in this limited area that is not possessed by others. The collective agreement, properly negotiated, is the natural way to give it expression and elaboration, untrammelled and uncrowded by other matters that are bound to fill the political arena. Furthermore, it is becoming an accepted principle of government industry that there should be as little political interference as possible with its detailed operation: that management once engaged should be given a free hand. This, of course, militates against the particular workers expressing their views and exerting their influence in this way. There are limits to the uses of political democracy.

### **New Changes in Management**

In a sense the most significant revolution of modern times has been in management. In the nineteenth century it engineered the great division of labour that heralded the era of machinery. In our own it has witnessed the development of scientific management and personnel management. Its accomplishments have been great and for the most part it has done a good job. More grudgingly it is making its adjustments to the trade unions and grievance committees that temper its absolute authority; and just now it is accepting labour-management cooperation for efficient production. Of this last we shall speak again. In a greater movement now under way, however, management seems not only to be changing its style but to be switching its moorings. The source of its authority is widening and its purpose is going social.

Heretofore management has operated true to the corporate pattern. Its plans have been laid and administered in the interest of invested capital, or, at worst,

in the interest of those sections of shareholders whose stock was represented on the directorate.

But to-day management is hearing a new master's voice. Inevitably it must be affected by the new social outlook represented in such expressions as "full employment of resources," and "optimum output of goods and services," long known to the economist but now fast becoming familiar to us all. Under the impact of war these have become the social goal. The State in its emergency has endorsed them and the ideal is entering our tradition. The socialist will interpose here that he sees no way of effectuating this ideal except under a socialist order. This may be true, yet the State to-day is demanding results and where corporate directors fail to support management that is efficient according to the new norm, the State proclaims its authority and replaces the obstructionists and the incompetent. More generally it determines priorities for material and men, distinguishes essential from non-essential industries, furnishes equipment, trains and selects workers. All this is relatively new of course and much of it may fail to carry over into the peace. Management to win recognition as successful will in some sense have to fulfill the conditions of efficient, full, and continuing production. It is significant that well-informed criticisms of ineffective production methods are at this time coming from the workers—workers operating within the plants and supported in their protest by the larger organized groups beyond.

Secondly management heretofore centred in the office is becoming in some senses a function of the whole plant. This trend has found its most significant expression in the Labour Management Committee Movement which developed first in Great Britain and is now spreading rapidly here and in the United States. The name Production Committee which is used for them in England describes their purposes best. They have nothing to do with the matters which are normally subject to collective bargaining.

nor are they concerned with working conditions. They aim at laying the basis for a fuller use of the ideas and capacities of all grades of operatives. Continuous attention to the detail of a task often suggests to the alert worker easier and better methods of performance or he may see the possibility of preventing waste of material, or loss of time due to poor coordination. The scientific management movement of a half century ago failed to do justice to the creative capacities of the people who did the work. It has been accused in its devotion to the stopwatch and to motion studies of having made mere mechanisms of men. With everything planned for them they were merely "shown how": they were "trained." Now we are in the way of repudiating this conception of the use of manpower and that for two reasons. In the first place it resulted in much unrest and a deep dissatisfaction with the whole scheme of industrialization. In the second place we have learned that the office people and the expert do not have all the facts but that much knowledge and wisdom reside in the workers, born of their experience at their tasks.

Where labour is organized, the Labour Management Committees will be representative of management and unions. The drive in Canada towards these Committees to-day has come not only from government agencies such as Selective Service but also from unions. Some of the unions are not without experience in collaborating with management for more efficient production. Union-management cooperation has been operated for nearly two decades in the shops of the Canadian National Railways. Committees here have functioned at three levels, viz., in the local shops, at divisional centres, and at national headquarters. Generally speaking the contact and close association in responsibility has been found profitable to both parties. In the clothing industry in the United States, many varied undertakings have been carried through in cooperation, from arranging complex and scientifically calculated piece-rates, to the financing of firms threatened with bank-

ruptcy. How far management can be dispersed is bound to depend of course on many things, but notably on the degree of intricacy of the particular industry and its dependence on science and engineering technique. Doubtless there are many enthusiasts to-day who are entertaining too roseate hopes concerning labour-management cooperation. The record is scarred by failures as well as by successes, and nowhere has it scored anything approaching an industrial revolution. Nevertheless it is fundamentally a hopeful movement and calculated to erase what has been perhaps the greatest psychological error of nineteenth century industrialism. Its next requirement is a careful assessment of its possibilities for different industries and an adjustment of its program to suit each case.

### **New Approaches to State Control**

State assistance and control in labour relations are likely to be more intelligent because more considered. For the most part the devices of control will not be forged in the high places of the State and imposed on the parties to industry but will rise out of the desires and invention of the latter themselves. These expressions of democratic industry when they have been judged worthy and where it is necessary will receive State sanction and be made authoritative. The beginnings of this method are seen to-day in our provincial Industrial Standards Acts and more purely in the operations under the Collective Agreement Act of Quebec. It is a device that supports voluntary collective bargaining by unions and covers areas where the latter may not exist. Beyond this the State will play a more prominent role in organizing the labour market, in compelling minimum standards for the less protected groups, in settlement of disputes, and in a broadened program of social insurance. As suggested earlier the State—advised perhaps by some species of economic council on which the public will be represented—will assume an over-all responsibility for the continuous functioning of industry

according to fair standards of efficiency in the interest of the people as consumers.

### Highlights of the New Order

At the risk of repetition we shall now set forth the highlights of the new order as affecting industrial relations.

1. A better organized labour market by virtue of society's conscious attention to the problem, and featuring specifically (a) a system of public employment exchanges with officials trained in the techniques of selection and supported by a fair knowledge of both jobs and labour supply; (b) job specifications provided to the exchanges by officials of individual firms with whom also would rest final placement at tasks; (c) intelligent use of trade and aptitude tests by both the above, and some attention to general vocational guidance; (d) unions and perhaps other agencies playing some part in organizing labour supply but the overall coordinating function resting with the public exchanges.

2. General use of collective bargaining in the major industries. Unions, it may be anticipated, will with recognition and experience become appreciative of the wage-paying capacity of the different industries—industries note, rather than

particular firms—and will become generally more constructive in outlook. Incidentally, it is to be hoped, their leaders may be enabled to take greater advantage of our higher educational facilities than heretofore.

3. An adjustment of the functions of personnel or employment officials of private firms to work in close cooperation with the representatives of the unions in the plants to interpret the terms of the collective agreement in its application to particular conditions.

4. Generous use of regional standards worked out by agreement between representative employers and unions in different industries and trades, and then extended and made authoritative by the State for whole industrial and commercial areas.

5. Looking more directly to production and output we may expect to witness a larger participation of workers in the management function through labour-management committees.

6. A final dependence on State initiative for compelling standards in social insurance, living wages and working conditions and also a reliance on State authority and responsibility to keep resources efficiently employed in useful production.