

# Recent Trends in Industrial Relations in Great Britain and Germany<sup>1</sup>

Observations Based on a Year's Study in Europe<sup>2</sup>

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I AM GLAD to have this opportunity to report my observations on industrial relations in Great Britain and Germany to members of the Taylor Society. Recent developments have been introducing changes of great significance there that should be especially interesting to this group, primarily concerned as you are with problems and methods of management. If I were to characterize in one sentence the outstanding trend of industry in these countries today I would point to the increasing consciousness among all parties of the importance of applying scientific methods to the conduct of industry. In fact, the word one hears perhaps more than any other, especially in Germany, in discussing industrial problems is "rationalization." However we in America may quarrel with that term, to them it means the application of the art and science of management not only to one particular plant but to the organization of an entire industry on both its productive and distributive sides. What makes the whole development most interesting and significant, particularly in England, is the fact that it is the labor group that is today exerting pressure on those in control of industry for increased efficiency. This becomes the more remarkable when we recall that the labor movement there as in Germany is dominantly socialistic in philosophy. But the force of events is fast consummating an alliance between Karl Marx and Frederick W. Taylor; and although the theory of "Taylorism" still meets denunciations among labor men, its practice is rapidly gaining their advocacy.

I must hasten to emphasize that this whole development is only a trend, a tendency, that is just barely emerging. However, it has already begun to exert its influence. Its final outcome depends on a number of factors, particularly upon how em-

ployers utilize the opportunity before them. Its expression has necessarily varied with the different conditions prevailing in each of these countries. The best procedure, therefore, will be to discuss them separately. For industrial relations in Great Britain, like almost every other major activity, is still dominated by a philosophy of decentralization and strong individualism. In Germany, on the other hand, everything is centralized and organized as far as possible, with the individual readily submitting himself to group disciplines.

Let us turn, then, to Great Britain. The growing insistence upon the efficient conduct of industry is producing there several important changes in industrial thinking and practice. For one thing the trade union movement appears to be reevaluating its fundamental philosophy. It seems to be relegating to the background Marxian formulae and substituting for them programs based upon economic facts. With the minimizing of the class struggle as a directing concept for action, labor leaders are growing more and more conscious of wastes involved in the use of the strike weapon to achieve gains for wage earners. Two logical consequences follow: In the first place, ways are being sought for extending the joint machinery until now restricted largely to the consideration of wages, hours and working conditions to include factors affecting the welfare of industry as a whole, with the emphasis upon the substitution of co-operation for conflict. In the second place, an increasing emphasis is being placed upon research, fact finding and conference as means of obtaining the facts necessary for action.

Indeed, the American observer looking into labor relations in Britain is in for a sharp surprise. For the complexion of human relations in industry has changed markedly since the general strike of 1926. There has been a definite turning away from conflict, at least for the time being, toward an attempt to attain some constructive understanding between

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employers and employes throughout the whole of Great Britain.

But in fact the picture never was really as dark as it came to us. Newspapers report only huge, dramatic conflicts. Everyday, peaceful negotiations of differences do not, unfortunately, make good copy. Reports of the turbulence in coal mining with its two prolonged stoppages since the war, its two national inquiries, its continued bitterness and unrest, the fulminations of A. J. Cook, the miners' leader, and finally the General Strike of 1926 gave us over here the impression that Britain was in constant turmoil and on the brink of a revolution.

Nothing could have been further from the truth. Peaceful negotiation rather than large scale conflicts mark the conduct of industrial relations in Great Britain. The great iron and steel industry has not suffered a major stoppage in more than thirty years. The cotton industry has been free from large scale strikes and lockouts since the war. The metal trades have seen only one large scale conflict since the war—in 1922 when the employers locked out the workers. And so on down the line.

Only coal has been marked by chronic turbulence. It has been responsible for some three-fifths of all the time lost through strikes and lockouts since the war as well as during the twenty years preceding it. Even the General Strike itself had its origin in a coal dispute. But we in America are familiar with the extent to which underlying economic factors make for unrest in coal. In Great Britain the industry suffers from inefficient management, excess capacity, unusually small freight cars, comparatively slight development of by-product utilization, duplication in retail agencies, inadequate research, and on top of all this, sharp competition in world markets from Germany, Belgium, Poland and France.

Indeed the wonder is not that coal has been so turbulent but that the other industries in Britain have been relatively so free from stoppages. For during the past seven years British industry has labored under the handicap of an economic depression more severe and more protracted than any known in her previous industrial history. It is a depression which strikes at the very roots of her economic life. For it affects in the main the huge export industries upon which her industrial supremacy has been built. For seven years coal

mining, iron and steel, metal trades, shipbuilding, and textiles have been unable to free themselves from the heavy burdens of unemployment and stagnation with which the war left them. During all these years the total number of unemployed has never, with the exception of a few scattered weeks, dropped below one million.

These conditions have naturally produced deep seated unrest among the masses of the workers who had looked forward to a new and better day after the Great War. It explains in a measure the readiness with which they walked out in sympathy with the locked-out miners in the General Strike of 1926. For here was presented for the first time an opportunity to voice on a large scale their protest against the manner and direction in which industry appeared to be drifting.

That this discontent did not break out into more frequent strikes and upheavals is no doubt due in a large measure to the operation of long established machinery for the conduct of industrial relations. For over three decades in most industries, and in some for a much longer period, relations between employers and employes in Great Britain, have in the main been governed by orderly methods formulated in trade agreements. At present these agreements are generally national in character, that is, each one covers an industry as a whole. They are negotiated by the trade unions and employers' associations concerned. Organization of both sides, of employers and employes, indeed, has been the foundation upon which the structure of British relationships in industry has been built.

Hardly an important industry exists that does not have some formal method for negotiation and the adjustment of grievances. This machinery provides generally for a hierarchy of joint courts to which all disputes must be brought. It has on the whole worked well. For every breakdown of which newspapers tell us literally thousands of disputes are amicably handled and adjusted.

But the sponsors of the new developments in industrial relations are convinced that the time has come to enlarge this record, fine as it is within its limits, and, to turn the historic machinery of collective bargaining, beyond the negotiation of wages, hours and conditions, to the consideration of those larger factors affecting industry as a whole. I have said that this trend emerged as a definite thing after the general strike. But it is in a sense the

<sup>1</sup>Paper presented before the New York Metropolitan Section of the Taylor Society, May 17, 1928.

<sup>2</sup>The complete findings of this study are to be published this winter by Harper & Brothers.