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The Journal of the Industrial Relations Society of Australia

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Trade Unionism in 1967

I. G. SHARP*

Melbourne

There was little in the nature of the original work force in the Australian colonies to suggest that this country would develop into one of the most highly unionized countries. Freedom of association, freedom in the choice of occupation and freedom to negotiate on working conditions—all prerequisites to the development of genuine trade unions—were naturally missing from the Australian colonies when convicts provided the main source of labour. On the other hand it was fortunate, from this point of view, that "free" labour only began to arrive in this country in any quantity after trade unionism had begun in Britain. It was a transplant of ideas from that country that began the growth of unionism in Australia. With practically no history of labour relations to retard that growth in the new area it soon outstripped the growth in the homeland. Thus, before the end of the last century there was little doubt that trade unionism filled a need in social terms within the Australian colony.

WHAT OF TODAY?

We look back from 1967 on a trade union movement which is a community institution in Australia, not only industrially, but also socially, accepted, and with a span of experience of well over 100 years. It is older than trade unionism in any other country in the world except Britain. During those hundred-odd years, the small, isolated organizations composed largely of skilled artisans with restricted aims, have evolved into nation-wide federations working in close co-operation with each other and embracing persons in all kinds of trades, occupations and even professions, and with interests and authority in matters well beyond those of limited industrial concern. The legal status of unions has long been assured, both in federal law and by state legislation, and they have acquired privileges and responsibilities which have lifted them out of the realm of mere voluntary associations.

This should suggest that trade unionism in Australia is well placed to advance to further strength. With its record of achievements for employee interests and its undoubted influence on governments irrespective of their political complexion, is there any reason to doubt its further progress? On the other hand, are there any indications that the vitality of the past arose only from the demands which the environments of the past made on the movement and that some rethinking of the needs of the future may diminish the role of trade unionism as a social force?

To answer these questions we would need to probe not only the aims and objectives of the unions themselves but also the new characteristics of industrial life. For example, is trade unionism so essential in full employment, as it was when the economic dice was loaded in the employers' favour by the unemployed outside the factory gate? What does

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a high rate of technological change do to union structures and union loyalties? When we are told that the average future worker may expect to change the very nature of his work and skills three times in the course of his working life, can we still think in terms of craft unions or even industry unions? Will mobility of labour make the individual more dependent on collective organization or will it make him self-reliant? Other equally important questions come to mind from such new features as the increase in skilled economic and social planning; the development of a strong consciousness demanding more, and more standardized, welfare provisions from governments; the almost universal acceptance of the employee as a valuable piece of human equipment in industry, and the virtual disappearance of the old-time employer who was conscious of paying his wages bill from his own hip pocket.

These characteristics we can recognize today in western economies such as the United States of America, Britain and the Common Market countries. In what direction will trade unionism have to adjust if it is to avoid a steady decline in its significance as a social institution? There is already some evidence of awareness by union leaders of the need to re-examine the objectives of unions. In the International Labour Organization and the European community the role of unions in economic and social planning has received considerable attention over the last decade. In the United States of America there has been a running controversy over the role of the AF of L-CIO in international affairs. In Britain a Commission of Inquiry has been examining the position of trade unions and of employers' organizations in the new environment. That this should not be left to government itself was expressed by Mr Geo. Woodcock, the trade union movement itself was expressed by Mr Geo. Woodcock, the General Secretary of the Trade Union Congress, when speaking at the Annual Congress a few years ago. He said, "I should like to emphasize the point which we have made at this Congress time and time again. Structure, particularly in the trade union movement, is a function of purpose. We expect when we shall first of all in our enquiries, enquire into trade union purpose and policy, and ask ourselves: 'What are we here for?' When we know what we are here for, then we can talk about the structure that will enable us to do what we are here for. We also have to keep in mind, not simply the history of the British trade union movement, but the fact that the British trade union movement has reflected, and will continue to reflect in its structure and practices, the circumstances of the times. We shall have to enquire into the circumstances of the times and see how far they have brought about conditions which require adaptations on the part of our unions."

When we look at the Australian scene it is important, I think, to remember that there is this general concern elsewhere over what the modern role of unions should be and how best to match functions and activities to current needs. But in addition we must ask ourselves whether there are features in Australia which distinguish the position of trade unions from their position in other industrialized countries.

It is well known, of course, that except for the communist countries

only Israel, Sweden and Iceland have a higher proportion of their work force unionized. Does this mean that there is a greater demand by Australian workers for unions than elsewhere, or is there another explanation for the fact that around 60% of the wage and salary earners in this country belong to unions when only 30% belong in Britain and only about 20% in the United States and Canada?

The period of most rapid union growth followed the adoption of compulsory arbitration under Commonwealth legislation in 1904. During the next ten years the number of unionists increased by 500% whilst the population growth was under 25%. Most of this increase came from the expansion of local unions, firstly to secure registration under the Act and secondly to provide the basis for an interstate industrial dispute on which an industrial award could be founded. By 1912, 65% of all trade union membership belonged to interstate organizations—today the figure is about 90%. This 90% comes from about 150 unions, most of them registered under the Commonwealth Conciliation and Arbitration Act, and about half of these now have branches in all six states.

This may explain the high incidence in Australia compared with other countries. But we are still left with the question whether the level will continue to rise or whether in new circumstances it may decline. If we turn to the record we find that the proportion of wage and salary earners belonging to unions rose steadily through the late 1940's, and the first half of the next decade to a peak of about 62% in 1954. Thereafter the trend has been downward and in 1966 the proportion was only 54%. How significant is this?

It is hard to answer partly because of changes in the proportions of the work force in secondary and tertiary industry and partly because of the increase in the employment of women. There is no doubt that the level of organization of white-collar workers is lower than that of manual workers. Equally there is no doubt that women are less unionized than men—in 1966 the percentage for women was 40% compared with 60% for men. The rate of increase is faster among white-collar than among manual workers. For example, if we divide the unions listed in the Labour Report of the Commonwealth Statistician according to their predominant content (i.e., manual or non-manual), we find that the 25% who might be judged white collar increased between 1945 and 1961 by 76% whilst the overall increase in trade union membership was only about 54%. For what it's worth, this picture of relative growth rate is supported by an examination of the position in particular industries. In building and construction, for example, strongly blue collar in complexion, the rise in employment over the post-war period was about 134%, but in trade unionists only 80%. On the other hand, in wholesale and retail where the white-collar content is strongest, the increase in employment has been about 40% but the increase in union members 114%.

I don't want to make too much out of this, but I think we can draw a tentative conclusion that to the extent that trade unionism is maintaining its statistical position in the light of population growth, it is doing so because of the rate of growth in the areas of work which have not been

traditional union strongholds. With more information available over the next year or so we may have to come to the conclusion that despite white collar growth, unionism as a whole is in fact losing ground in absolute terms.

I shall come back to the question why this might be so in a few minutes. Before I do, let us examine whether there are any in-built factors which could limit a decline. The obvious question springs to mind whether the arbitration system, having been partly, if not largely, responsible for the high level of unionization, will ensure that that level is reasonably maintained.

The organization of workers is essential to a system of public arbitration. If unions had not existed as institutions, parliament would have been forced to create something like them. This is obvious because the individuals must be identified collectively for the presentation of cases and for the application of arbitral decisions. Unionism pre-dated compulsory arbitration and consequently they could be woven into the conciliation and arbitration arrangements.

The unions themselves had everything to gain in the circumstances of those times. They were eager to register when it meant securing from the Arbitration Court awards of wages and conditions in advance of those which the unions would have been able to secure from employers through their strength as bargaining units. It is significant that the compulsory arbitration system made provision for individual employers but no provision for individual employees. It is also significant that the federal legislation has always expressed one of its main objects as being "to encourage the organization of representative bodies of employers and employees".

Up to the end of the last war there was little doubt that trade unions had much to gain from compulsory arbitration and that the individual worker had much to gain from a trade union. The changes which have occurred since the last war provoke the question whether trade unions still need the compulsory arbitration system quite so much and, for similar reasons, whether employees still have the same need of unions.

The one thing that is sure is that the compulsory arbitration system continues to need unions. This need has been recognized in more forceful ways than mere encouragement as an aim in the legislation. For example the power is conferred on arbitration tribunals to direct that preference be given to members of a registered organization. The Conciliation and Arbitration Act stops short of providing for compulsory union membership in the sense that an employer could be placed under an obligation to dismiss any employee who refused or failed to join a union or a direct obligation could be imposed on the employee to join a union or a direct Court has ruled that the legislation does not empower "closed shop" clauses and there is considerable doubt as to whether the constitutional power of the federal parliament could support compulsory unionism.

Nevertheless, preference to unionists has been one very important means of supporting the high level of unionization necessary for the working of the system. How important is revealed by an examination of the position

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in the states. Three states expressly provide for preference and three either have none or only limited provision. Queensland until very recently had gone furthest in both the use and the nature of preference to unionists; Queensland also has the highest incidence of state rather than federal awards. Consequently it is, in my view, significant that the proportion of wage and salary earners in Queensland who are unionists has been higher than anywhere else—ranging between 74 and 76 per cent. Preference in New South Wales was much more limited and only in recent times and following a bout of absolute preference have industrial tribunals in that state been required to provide preference in awards and agreements in certain circumstances. It is interesting that New South Wales comes next to Queensland with a percentage of around 57. The third preference state is Western Australia, where preference clauses in awards affecting private industry only date from 1960. The percentage unionized in that state is 55.

The three non-preference states are all under the Western Australian figure. At the extreme is Victoria where the legislation prohibits wages boards from determining "any matter relating to the preference employment or dismissal of persons as being, or not being, members of an organization, association or body". The percentage of Victorian wage and salary earners in unions is round about 50. This is roughly the figure in South Australia and it is only slightly higher in Tasmania.

There are other advantages of an organizational nature which the arbitration system can confer on unions. I mention only in passing the advantage of the "conveniently belong" right of objection to the registration of new organizations. For obvious reasons, I don't want to dwell on these aspects.

Let me return to the question why there might have been a diminishing interest by individual employees in the membership of a union to explain the trend since 1954. The first point to note is that, as we have already seen, white collar and professional unionism is not declining. In the second place, though I have no information to work on other than impressions and discussions with union officials, I believe that the hard core of unionism in the traditional areas still remains as firm as ever. The lost ground is in the expanding industries and especially in those with a shifting work force. For example, I wonder whether there is the same intensity of union membership in the construction industry as there was in the early 50's? I wonder, too, whether light engineering, and especially electrical, is as well covered as it was.

One question often asked is whether migrants, and especially European migrants, may not be a factor in the apparent decline in interest. I doubt if this is so. It is government policy to project union activity to migrants as part of the normal customs of the new country. Those of you who followed the General Motors-Holden's dispute a few years ago or know something of the industrial relations of the Snowy Mountains project will not doubt that European migrants can play a vital part in union affairs. On the other hand, what must be said, I think, is that unless migrants get absorbed into union affairs fairly quickly on arrival in Australia they tend to be lost to the movement more quickly than would the average

Australian. In other words, after the first job or after the first year's subscription to the union, the migrant may not seek to transfer or to renew his membership. But in this he may be different only in degree from his younger Australian colleagues who, unless firm union men by conviction, are not prone to take the initiative in retaining membership or in transferring to a new union on change of occupation.

Could this mean that unions are still attractive to older members because they are more aware of the value of collective strength in times of economic stress whilst younger members with no experience of such different attitudes is, I think, the acceptance of full employment as a permanent feature in our economy. The classic purposes of trade unions have been the lifting of the economic standard of the membership and secondly the protection of the individual unionist against arbitrary action by his employer. In times of full employment the latter function is becoming less and less important. In full employment employers seek to retain their employees and are not disposed to wield the heavy hand in personnel management. The result is that entrants to the work force today, unlike yesterday, feel quite capable of looking after themselves against their employer. Even if dismissal is involved this may be of no great concern over a wide area of industry when new employment can be secured with little inconvenience and little delay.

What about the first function? The lifting of the living standard undoubtedly remains even in full employment, though the means are changing. The concept of standard conditions of work and standard rates for a job, based on an industry or a national arrangement—the union objective when its role was to protect members from competitive price-cutting—is today taken largely for granted and certainly not as a matter of immediate import to the individual employee. In times of prosperity the simple picture which that employee sees is one of individual firms competing for staff through over-award rates or greater overtime. He no longer sees the need for collective action to advance rates on a broad front and consequently has less patience than his forbears with the pace of union activity. His interest is in his own take-home pay and he is not over-concerned as to how it is made up, i.e., award payments, over-award rates or overtime. In other words, his interest has shifted from the occupational aspect of the terms and conditions of employment to the occurrence and conditions which apply in his establishment and he sees his economic advancement coming more from personal effort than from collective action.

An important exception must be made to this generalization. The white-collar and professional worker sees his position differently. Most of the special privileges and benefits which began in professional and white-collar employment have now been extended to employment in general. With the exception of superannuation and pension arrangements, there is now not much distinction in hours of work, annual, sick and long-service leave between manual and non-manual workers. No longer do the latter feel they hold the superior social and economic position they once enjoyed by virtue of the security of a career occupation. On the

contrary, what is left is their immobility which handicaps them as individuals in reaping gains from full employment. Consequently, whilst the manual worker in full employment can move from job to job to his best advantage and thus feels a diminishing need for his union, the professional is turning more and more to organization to help him keep his place in the economic community. The nature of his employment is a big factor here. The schoolteacher, by and large, has but one employer and the bank official will be on the same rate irrespective of the bank for which he works. Thus the schoolteacher, the bank official, the public servant and even the professional engineer and the air pilot must think in terms of advancing the grade in which he belongs. This means embracing collective action which had previously seemed to fit best the advancement of the non-manual worker. This shift in white-collar attitude is illustrated in such quotations as the following from the publication of the Australian Insurance Staffs Federation: "In the past manual workers have turned to militant union activity . . . to a much greater degree than white-collar workers have, and, as a result . . . have reaped greater benefits than their partners in industry who remained less forceful in their demands."

The process of white-collar unionization has been greatly aided by gains achieved both through compulsory arbitration and through direct action. Let me call to your mind some of the professional and semi-professional employees who have been involved in strikes in recent years. They include firemen, teachers, municipal officers, professional engineers, postal officials, air pilots, air hostesses, nurses and hospital employees, bank officers, design draughtsmen, marine pilots, engineers and ships' captains and officers, and journalists.

So far I have emphasized the economic forces which seem to be diminishing the individual non-manual employee's interest in union. Let me turn to some organizational features which appear to me to be also relevant. One is the trade union structure itself, and the second is the effect of the arbitration system.

The basic unit in union organization in Australia is the shop steward. Most often his role is that of collecting dues for the union, representing the union point of view to management and, in some occasions, dealing with such local questions as safety. He has little or no part in the real questions of plant industrial relations. Should an issue arise at the plant involving wages or working conditions, the shop steward's duty is to bring in the union organiser, a paid official attached to a central union office, usually the state branch of the union, who will negotiate with the management. Because a branch usually covers a wide geographical area, Australian trade unions have not developed anything like the concept of the "local" of American unions. Shop committees, for example, rarely have an official role. This feature is partly due to the British structure which was adopted here and partly it is the consequence of unions having to meet the needs of arbitration which require a broad approach to industrial problems and the co-ordination of industrial activity over as wide an area as possible. In the federal jurisdiction, of course, there is also the necessity to ensure an interstate foundation for disputes.

This form of centralized control works well enough in normal time and union members and their shop stewards are usually only too glad to pass on any troubles to the hard-working and underpaid union officials. It is not calculated, however, to increase any sense of identity between the due-paying members and the union hierarchy. When, therefore, issues arise at the work place which do stir the emotions of groups of unionists, the weakness in "grass roots" organization and the absence of a sense of responsibility for unions can create considerable difficulty for union officials and for employers. This organization problem has been highlighted in recent years when *ad hoc* activity of shop stewards, shop committees and unofficial area committees has resulted in direct conflict between the union membership and union hierarchy.

I have already pointed out that union organization, as well as union activity, is "buttoned" into the arbitration system. The industrial award, like an Act of parliament, legislates for an area of employment. It is not an instrument which is well suited to express variations at shop level though, of course, separate orders can be made and provision is normal in awards for boards of reference. In general, however, the award is a broad instrument and the rates it prescribes are tending more and more to be predetermined from proceedings which have a wider concern than the incidence of the award itself.

The basic wage early in its history had become a social wage element applicable to all wage and salary earners in the federal jurisdiction. Until 1954 margins could be thought of as the assessment of the value of the work done in particular occupations above the basic wage. However, from 1954 onwards the real movement, not only of the basic wage but also of the margins, was determined by the periodic hearings in the federal jurisdiction of claims in the metal trades as test cases for practically all other employment under federal awards.

Will the position be any different under the new prescription of total wage? Speaking only as a private observer of the system, I can't see that it will. The economic forces which produced the broad sweep approach from 1954 onwards remain unchanged. Furthermore, the decision in 1967 has recognized the need for an annual economic review of wage rates on the broadest basis in order to ensure wage participation in productivity and other economic gains. Furthermore, the adoption of a minimum take-home wage is another advance into the general area of wage prescription. In other words, the important functions in future seem likely to be the annual reviews of the level of total wage and the periodic cases, concurrently or otherwise, to determine the level of the minimum take-home wage.

The part which individual unions play in these future general cases is not likely to be any different from the part they were playing in basic wage and general economic margins cases. In those the single union (outside the metal trades) had a small role; indeed, for most of them it was, and will be, little more than a financial contribution to the ACTU. It is that central organization which provides the advocates to conduct the case

under the supervision and subject to the direction of the central organization.

What I am getting at is that there is likely to be an increasing sense of remoteness of single unions, let alone local branches of unions, from questions of the standard of economic well-being of their members. You may say to me, "Well, hasn't wage policy gone as far in other countries and are you describing a problem which is any greater for trade unionists in this country than in other western economies?" I think the answer is that there is still a greater degree of flexibility in these matters in other countries.

In the United States, for example, there is still very direct bargaining with the "local" of the union playing a direct part to secure the terms and conditions of work which its members in that group desire. Thus the unionist in the United States is personally aware of the link between his remuneration and conditions and his union membership.

In Britain the problems I've mentioned have been present for the trade union movement but in a less accentuated form than in Australia. The position is pretty well set out in a 1963 PEP publication and I read from it: "In the postwar era of full employment the simple picture suggested by the national agreement was fractured by individual firms competing to pay more than the standard rate in order to maintain their labour force. This operation has naturally involved increased activity, and therefore increased power and responsibility, on the part of the workers' representative on the shop floor where their extras are paid—the shop steward. The transfer of union authority from the district or branch offices normally based on geographical areas to the workers' representatives on the factory floor has not occurred in all industries; while in some, power has always been on the shop floor. But it has happened on a wide scale since the war, especially in engineering, and in the main it is associated with the growth of bargaining in the works. From the point of view of many workers, who in general rarely attend outside branch meetings, the shop steward is now the union. He is in constant personal contact with members, he understands the particular problems of a firm and he has in recent years negotiated an increasing amount of improvements and extra earnings for the workers. Management has itself often played a part in encouraging the growth in the activities of works representatives, finding them more convenient to deal with than the dispersed area officials of the often numerous unions involved in the plant, some of whom are trying to carry out different and even conflicting national policies."

Thus, in Britain the shift of power which was needed in full employment to accommodate local interest could come about within the legitimate trade union movement and without disrupting the prevailing system of determining rates and conditions of work. In Australia, this has not been so easy nor is it possible to see how it will become any easier in the immediate future.

To sum up, what seems to me to be facing the Australian trade union movement in 1967 are problems of increasing centralism of wage fixation and of union organization at the very time when, because of the effect of

full employment, individual employees see better prospects from personal or local bargaining than from throwing their energies behind the trade union movement as of old. Thus, the cardinal problem for the trade union movement, as indeed the problem for the conciliation and arbitration authorities, is whether, and if so how, the gap can be breached between local interests and demands on the one hand and central or industry activities and remedies on the other.

REFERENCE

* Dr I. G. Sharp, Commonwealth Industrial Registrar, read this paper to a meeting of the Industrial Relations Society of Queensland in Brisbane in August 1967.

The Changing Pattern of Strike Settlements in Australia 1913-1963

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STRIKES MAY be settled in various ways but usually they are settled by one of the following four methods. First, the disputing parties may resolve their differences themselves by private negotiation; or they may do so by mediation, that is, they may negotiate a settlement with the assistance of a "third" party, in this country, often of their own choice, whose function is to clarify the issues in dispute and perhaps suggest a basis for their settlement, but not to participate in their determination of the final outcome. In other cases the parties may prefer to have the issues in dispute determined by arbitration. Finally, many strikes are settled merely by the strikers returning to work without the parties attempting to negotiate or to arbitrate. This situation may arise as a consequence of the fact that many strikes comprise planned work stoppages of a day or even less, usually as a form of protest against managerial and governmental policies which are considered detrimental to labour. These short work stoppages are more in the nature of strike gestures than strikes in the commonly accepted sense of withdrawals of labour for the purpose of enforcing workers' demands. In addition to the above four principal methods of settlement, strikes have sometimes been settled in various other ways including the permanent closing down of the striking establishment or substituting other workers, usually non-unionists, for the workers on strike, but this method is more prevalent in the primitive than in subsequent stages of the development of industrial relations.

In many countries resort to arbitration for the settlement of industrial disputes is voluntary, that is to say the parties are not, as a general rule, required to submit their unresolved disputes to an arbitrator for settlement, but even so, governments are rarely prepared to leave this entirely to the parties concerned, particularly in public utilities and other essential undertakings where prolonged strikes could cause great inconvenience and economic loss to the community at large. However, few countries have gone as far as Australia and New Zealand in respect to the social control of industrial relations and management of industrial conflict. Both of these countries place great reliance upon compulsory conciliation and arbitration as a means of settling unresolved industrial disputes. This does not mean of course that the parties are precluded from resolving their own differences although there are some who consider that the existence of a system of compulsory arbitration may tend to inhibit them from so doing.¹ Under the Australian system the parties are encouraged, and indeed even required, to attempt to resolve the issue in dispute before referring such matters to an arbitration tribunal for settlement. It is only when these attempts fail