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|-----|--------------------------|----|----|----|----------|
| (a) | Expenditure for 1945 was | .. | .. | .. | £420,000 |
| | Estimates for 1946 were | .. | .. | .. | £600,000 |
| | and for 1947 were | .. | .. | .. | £833,000 |
- (b) Expenditure in 1947 included approximately £100,000 for the new international industrial committees (iron and steel, coal mines, etc.).
- (c) Of the total income, the English speaking countries provide 51 per cent., the U.S.A. paying 15 per cent. and the British Commonwealth 36 per cent.
- (d) The new internationalism is reflected in the acceptance of the principle that international officials in all inter-governmental organisations should enjoy substantially equivalent conditions of employment and should receive the same emoluments in terms of real values for the same or comparable work—this principle was part of the draft agreement between the I.L.O. and U.N.O.

LEAGUE OF NATIONS AND I.L.O. PRINCIPLE. The League of Nations contained only official delegates, who had to speak and vote in accordance with instructions from their foreign offices. As a delegate to the League Palace at Geneva in 1938, and a member of a local League of Nations Union, I have sometimes expressed the view that if, on certain critical occasions, the League had had some independent delegates who could have spoken on behalf of humanity and according to their conscience, the League might not have been a failure. I cannot refrain, therefore, from referring to the speech of Sir Joseph Hallsworth, stressing his version of this view, at a dinner given by the Rotary Club of Montreal to I.L.O. Delegates. He said:—

“The League of Nations would not have failed if the principle adopted in the formation of the I.L.O., of having representatives of industry and labour, and not merely of governments, had been allowed.”

EMPLOYERS' ADVISORY SECTION. In the past there has often been criticism of the fact that the I.L.O. had no employer outlook within its Secretariat which in consequence might be expected to see all proposals only from a theoretically desirable labour point of view, subject to what it might be possible to induce governments to accept; constantly theory achieved voting success because of the fact that, for purposes of publicity favourable to their country, many government delegates were prepared to speak and vote for labour conditions far in excess of what their countries had any idea or intention of ratifying. It is satisfactory to record, therefore, that the I.L.O. has now set up an Employers' Advisory Section, which will maintain

contact with Employers' Organisations and Private Enterprise interests and seek to bring their point of view into all the work of the I.L.O.

SPECIAL EXTRACTS FROM CONFERENCE SPEECHES

BRITISH WORKERS' DELEGATE (SIR JOSEPH HALLSWORTH)

"The factories and other working places in which our people spend so much of their lives need replanning or rebuilding, so that, not only will the health and well-being of our people be safeguarded, but the amenities of their surroundings will encourage their greater industrial productivity."

AUSTRALIAN GOVERNMENT DELEGATE

"The Australian Government has made very substantial progress in planning its full employment policy and in setting up machinery necessary for successfully carrying it out. We have various bodies such as the Premier's Conference, Loan Council and National Works Council for co-ordinating Commonwealth and State policies. The last-named has completed the planning of a very large volume of public works, while the actual programme to be carried out is decided by the Loan Council, having regard largely, though not solely, to prospective employment trends."

FRENCH WORKERS' DELEGATE (M. JOUHAUX)

"For I shall speak from this platform, not only in the name of the whole unanimous Workers' Group of this Conference, but also on behalf of seventy million workers in the World Trade Union Federation, and the question is not being raised merely before this Conference, but also before the workers of all the countries of the world and, therefore, before all the nations of the world".

BRITISH MINISTER OF LABOUR AND NATIONAL SERVICE (MR. ISAACS)

"We already have 60 Government Training Centres in operation, containing nearly 20,000 training places and plan to have over 42,000 in operation by the end of 1946. The training is mostly in connection with the building industry and, with the whole-hearted co-operation of the employers and the trade unions, we are training bricklayers, carpenters, plasterers, tilers, painters and other craftsmen in twenty months, where training previously took five to seven years."
... "In connection with the re-equipping and retraining of disabled workers, we have invited all disabled persons to register and already have a register of over 600,000. From the 1st September, employers have been required to employ three per cent. of disabled persons;

In addition, only registered disabled persons may be employed as elevator operators and car park attendants; further occupations may be designated for this purpose."

U.S.A. EMPLOYERS' DELEGATE

"Only by concentrating on greater production per man-hour can workers look forward to having better homes, food, clothing, automobiles and other good things of life."

Extract from report to the New Zealand Federation of Labour.

"In this country, at any rate, the battle for minimum wage standards has been won and the tendency is now for our movement to base wages on the productivity of the economic system. This means that we must have a positive approach to economic problems, because every gain in production means a gain to the workers."—

1947 CONFERENCE

This will be held in Geneva, beginning 19th June, 1947. The Agenda will be as follows:—

Social Policy in Dependent Territories (Second discussion with view to adoption of Convention or Conventions).

Organisation of Labour Inspection in Industrial and Commercial undertakings (new item).

Employment Service organisation (new item).

Directors' Report (usual discussion).

Application of Conventions (usual consideration and report upon).

I.L.O.'s 1948 Budget.

THE UNION DELEGATION

As a delegation we had the greatest pride and pleasure on the occasion of our leader, Mr. A. D. Lee, being chosen as Chairman of the Constitutional Committee. This was the most important committee of the Conference, dealing with highly contentious issues and including all the important personalities present, such as M. Jouhaux, the French Workers' Delegate, who has represented France from the very commencement of the I.L.O. Presiding over the 68 delegates from 34 countries, with three languages as an additional problem, the task was extremely heavy and great credit was paid to Mr. Lee for his control of the position at all times and for the complete success of the committee's work.

I am happy to record the complete harmony and co-operation of our Employers' Group, representing Mines, Safema and the Federated Chamber.

Submitted with respect,
R. S. BROOKE,

ANNEXURE A

ADDRESS BY MR. BROOKE IN OPEN CONFERENCE ON THE DIRECTORS' REPORT

Firstly, I desire on behalf of most members of the Union of South Africa delegation to refute the gross misrepresentations and exaggerations of the labour conditions in the Union given by Mr. Sachs from this rostrum this morning. Instead of action on the suggestion of the Director to give an objective account of the development of reconstruction and social progress, Mr. Sachs chose to use this platform to indulge in propaganda. We bitterly resent the use of this Conference platform for these purposes and shall take steps at the appropriate moment to refute Mr. Sachs more fully.

In the literature I received before I left Cape Town, it was suggested that in the discussion of the Director's Report there should be a discussion on the social effects of the development of monopolies. I cannot quite see what this has to do with the International Labour Organisation, as it is my impression that monopolies and cartels usually provide the most employment under the best conditions with the brightest prospects of advancement for merit and with the greatest stability and regularity of employment. Personally, I think that industry and commerce, profiting in the last twenty years by the brilliant examples of Ford and Woolworth, have learned to base their policies, not on restricted distribution and high prices, but rather on the modern conception of the widest markets, the greatest value and service to the buyer and the maximum of stabilised and well-paid employment.

I have in mind one monopoly in my country, the management of which has always worked on a maximum and a minimum level of profit margin; whenever increased sales and reduced costs have brought the profit margin to the maximum level, prices have been reduced automatically to the minimum level. It made eight price reductions in nine years and was then selling its products at less than half the prices ruling nine years earlier. It saved the country expense by providing free technical education to anyone desiring to learn the use of its products and the efficiency of its organisation was of the highest value to our country in the production of war munitions. This is a good example of the modern type of private enterprise monopoly based on the goodwill of satisfied customers.

Whilst some of the charges commonly laid against monopolies and cartels may on occasion be justified and individual organisations may need watching in the public interest, I think it is true to say that generally they have made large-scale production and distribution possible with consequent economies to consumers, have provided scientific research with constant improvement in quality and design and have stabilised employment and improved conditions of work for their employees. Further, they have provided larger and more stable markets for the suppliers of their raw materials and have eliminated price-cutting and provided stable market conditions for the distributors of their products. Their own vested interest in efficiency of production and stability of distribution have thus been shared by their employees, suppliers and distributors as well as by the locality in which they are situated and the whole country which they supply.

Monopolies and cartels tend to maintain equilibrium of production and distribution, to avoid violent fluctuations of employment and to maintain a uniform level of prices and high quality; this is in the consumers' interest. Quite acceptable to Governments are the international cartel agreements dealing with primary products, sugar, wool, etc., which are designed to regulate the volume of supplies to world markets by production or export control as a means of preventing excessive and socially destructive fluctuations in prices. Do not, therefore, criticise monopolies and cartels merely as such, but check them individually to ensure that their operations are resulting in benefits to their country, the consumers and their employees as well as to the monopoly or cartel itself.

I would remind you that for a long time the cartel has been accepted as proper and essential to the welfare of the community where services and not commodities are provided. In the medical, legal and other professions, the cartel principle is recognised as essential for the integrity of the profession and the best interests of the community. Insurance companies, building societies and banking institutions can only operate on a cartel basis of agreed trade practices, charges, rates, etc., in order to achieve the stability and security necessary for the protection of the customer and the community.

Shipping companies have cartels for the various shipping routes because of the necessity of stability and forward planning; how otherwise could they provide regular and dependable services as well as the enormous improvements in seamen's wages and conditions effected in the past quarter of a century? The cartel system is further recognised in trade union circles in many countries by the limitation of apprentices in certain skilled trades, thus providing more stability in employment. I believe it would add to South Africa's wealth and

prosperity, as well as providing more jobs with better paid and more stable employment, if we could have more of these efficient and progressive monopolies and cartels.

I do think, however, that you need to recognise the newer types of monopolies and cartels now operating in many countries, which are likely to be the problem of the future, as they appear to serve the interests of particular groups as opposed to the general interests of the community. First there is the trade union cartel, which is now showing its power to bring commerce, industry, transport or other national service to a complete standstill, thus inflicting great hardship and inconvenience on the whole community. The skilled worker demanding higher wages than the unskilled, the business man seeking new avenues of profit, the desire of all men for personal gain and advancement, these are all aspects of the much criticised profit motive. The danger with powerful trade union cartels is of dictatorship methods and ruthless power in order to enforce their profit motive on the community. Again, most countries seem to be complaining that building trade union cartels are permitting a substantial reduction of hourly net output amongst their members and are also seeking a shorter working week. This has added considerably to the difficulties of all Governments in dealing with the housing problem, especially houses for demobilised soldiers.

Secondly, there is the bureaucratic love of Government monopoly. As far as the worker is concerned, there is generally less likelihood under this system of ability and merit being rewarded by promotion. The worker can hardly strike against the boss who employs the police and the military, and if he is dismissed there is limited opportunity of employment in the same trade or service. As regards the progress of a country, consumers' choice has always been an important element in devising newer and better methods of production and distribution. The tendency under Government monopoly is to eliminate consumers' choice both because it is a nuisance and because it is easier for Government organisations to standardise than to worry about what consumers would like to have. Carried to its limit, the deprivation for the consumer of the normal right to a choice of variety and his restriction to a Government-standardised service or product would be like putting all the people into the Army.

In my opinion, therefore, the private enterprise monopoly or cartel has conferred very definite benefits on the community as a result of the wealth and employment created and has in recent years developed an intelligent realisation of the need for ensuring that its activities do not create public ill-will. By contrast, I believe that Government monopolies and trade union cartels are the future danger to the public welfare.

I am glad to see that the Governing Body is considering the matter of a minimum code of labour standards. Whilst many countries may have good reasons for not ratifying Conventions, it certainly seems to me necessary to get all Members as quickly as possible to ratify at least the fundamental principles of the more important of the international labour Conventions. I believe in the International Labour Organisation principle of social justice and I would like to see it brought along more quickly to the workers in backward countries. It seems to me that a grave danger for the future is developing in the increasing gap between the labour standards of the advanced countries and those of the backward countries.

In addition to the moral issue, there is an important economic issue in this matter. The modern industrialist realises that the workers are his customers and their wages his market: the employers who pay good wages create that buying market for all producers, but the employers who pay low wages draw more out of that buying market than they contribute to it: the size of this buying market is important for all of us. In any section of the country where production is poor and the standard of living is low, there is a poor market; the same applies to countries with low standards of living. At present the advanced countries cannot supply the normal plus the replacement demands for goods, but in the future we will surely return to the normal healthy basis of a buyers' market, of having to sell our goods and of having to find customers if we wish to maintain full production and full employment. From an economic point of view, therefore, we need to take an urgent interest in workers everywhere who are still on low living standards and who, in consequence, are either poor customers or not customers at all for our industrial products. If we can get their labour standards raised, it will influence an improvement in living standards which again will exert pressure towards improved methods of production, resulting in a larger supply becoming available of the products that other countries want to buy and a larger purchasing power and demand for the products of other countries. The best way to improve international trade is to lever upwards the living standards in all socially backward countries.

If the International Labour Organisation does not exert more pressure on Governments to ensure that workers on low living standards are helped forward more rapidly to higher living standards, then some day soon the employers in advanced countries will be worrying about the markets for their products and many of their employees will be worrying about jobs that seem to have disappeared. Therefore, this matter of higher standards for all workers now on low living standards seems to me not only a moral issue for the International Labour Organisation, but also an economic issue of importance

to all workers in the industrially advanced countries, and also, that it is the I.L.O.'s labour aspect of the proposals for world trade expansion that will be discussed at the forthcoming International Trade Conference.

ANNEXURE B

THE I.L.O. AND ITS FUTURE WORK AND INFLUENCE

BY R. S. BROOKE

The I.L.O. was established at the end of the First Great War, on the demand of Labour for compensation for its wartime sacrifices and for assurance that working and living conditions would be improved. Its constitution was approved on 11th April, 1919, and later incorporated in the peace treaties, so that the I.L.O. became an autonomous associate of the League of Nations; this position continued until the dissolution of the League in April, 1946. In 1940, the I.L.O. transferred its working centre to Montreal from Geneva, Switzerland, where it was threatened with isolation and throughout the war years devoted its energies to assisting the cause of the United Nations.

In 1944 it resumed its regular annual conferences with a session at Philadelphia, where it adopted a "Declaration of its aims and purposes and of the principles which should inspire the policy of its members." This has become widely known as the Declaration of Philadelphia, and affirms the principles that:—

"Labour is not a commodity.

"Freedom of expression and association are essential to sustained progress.

"Poverty anywhere constitutes a danger to prosperity everywhere.

"The War against want requires to be carried on with unrelenting vigour within each nation and by continuous and concerted international effort, in which the representatives of workers and employers, enjoying equal status with those of governments, join with them in free discussion and democratic decision, with a view to the promotion of the common welfare."

At this 1946 session, the I.L.O.'s advanced status was clearly determined with a final harmonious decision on its new constitution and with the confirmation of its link-up with U.N.O. on terms entirely satisfactory to the I.L.O. Associated with this was the important fact that, at the 1945 session, three countries, including Italy, were

admitted to membership and at this conference the applications of three more countries for membership were received and approved.

Now, therefore, is an appropriate time to study the future extension of the work and activities of the I.L.O., so that some understanding may be obtained of its probable international influence on the national affairs of every individual country. These activities may be grouped in five main sections as follows:—

REGIONAL

OCCUPATIONAL

TECHNICAL

HUMAN GROUPS

SOCIAL.

The work of the I.L.O. in these sections is assisted by various permanent committees dealing with Agriculture, Maritime, Accident Prevention, Industrial Hygiene, Women's Work, Social Policy in Dependent Territories, International Development Works, Migration, Statistics, Conventions, as well as by international industrial committees, dealing with Coal Mining, Textiles, Metal Trades, Building, Civil Engineering and Public Works, Iron and Steel, Petroleum and Inland Transport.

SECTION 1.

REGIONAL

The I.L.O. started in 1919 as an essentially European organisation. In 1936, it held its first American Regional Conference to study the particular problems of its American Member countries. In April, 1946, the third American Regional Conference was held in Mexico, and dealt with:—

Social and economic problems of the Americas, particularly those connected with the industrialisation of Latin America.

The relation between wages and prices.

The conditions of the indigenous populations.

Also immigration, vocational training, labour inspection and industrial relations.

Twenty American countries were represented.

A preparatory Asiatic Conference is to be held at New Delhi in January, 1947, to be followed by a Regional Asiatic Conference in China in 1948. Agenda items for Delhi will include the following:—

Problems of Social Security.

Labour Policy in general.

Programme of action for the enforcement of the social stand-

ards embodied in I.L.O. Conventions and Recommendations, which have so far not been ratified nor accepted by the countries represented at the Conference.

General economic background of social policy, including problems of industrialisation.

Practically all Asiatic countries, together with the United States, Great Britain, France, Holland, Australia, New Zealand and the Phillipines, are expected to attend.

Further regional development is indicated in clause 38 of the New Constitution, which provides that the I.L.O. may convene Regional Conferences and establish Regional Agencies as may be desirable; also in the adoption at this conference of two resolutions requesting the Governing Body—

- (a) "To consider the submission to United Nations of the proposal that Regional Commissions should be set up on the African Continent, etc.", and
- (b) "To study the possibility of establishing a Regional Office of the I.L.O. on the African Continent, etc."

SECTION 2.

OCCUPATIONAL

From its commencement, the I.L.O. has dealt largely with the labour problems connected with Maritime, Industrial and Mining occupations; in the case of Maritime, these were given full sessions of conference entirely devoted to their particular problems.

MARITIME. In June, 1946, a Maritime Conference was held at Seattle and was attended by 295 delegates and advisers from 32 countries. Nine conventions, four recommendations and ten resolutions were adopted. Agenda items were as follows:—

Hours of work and manning requirements.

Food on board ship and its preparation.

Living accommodation on board ship.

Holidays with Pay.

Medical examinations.

Social Security and Pensions.

Competency Certificates.

This Conference drafted for the first time in the history of international economic and social collaboration a multi-lateral convention or treaty, fixing an international minimum wage.

INDUSTRY. The Industrial Committees are now getting under way. First sessions of the Coal Mining and Inland Transport Committees were held in December, 1945 and were followed by sessions

of the Iron and Steel and of the Metal Trades in June, 1946, and of the Textile and Building industries in November, 1946. The 1947 budget provides for sessions of all seven committees: an eighth international committee is being set up for Chemicals. The Petroleum Committee is so far the smallest of these committees with twelve countries represented thereon; each country has two full delegates in each group—Government, employers and workers—together with as many advisers and technical experts as delegations may require.

Hitherto the I.L.O. could not deal directly with rates of basic wages, but these committees will aim at negotiating collectively on an international, as well as on the usual national, basis. These committees will strengthen in their industries freedom of association for employers and for workers and freedom from Government control of a dictatorial nature—it may be reckoned that the principle of Private Enterprise will be strengthened through these committees.

In setting up the committees, the I.L.O. is moving from broad general lines to eight big international groups through which conventions will be adopted, providing for specific international action; at the same time, the work of these eight separate committees will bring forward many new ideas for general development and incorporation in the general work of the I.L.O.

AGRICULTURE. At this 1946 conference a resolution was adopted, asking the Governing Body to consider the possibility of instructing the Permanent Agricultural Committee to study the question of extending the ‘Medical Examination for Fitness for Employment’ convention to young persons employed in agriculture; there was also the usual complaint, heard at every Annual Conference, that the I.L.O. continued to ignore the needs of agricultural workers, who represented about 75 per cent. of all the world’s workers. In Chapter XI of its report, the Conference Delegation on Constitutional Questions called the attention of the Governing Body to the need for holding special Agricultural Sessions of the Conference.

DOMESTIC SERVICE. Along with the two Conventions dealing with Medical Examination for Fitness for Employment went the Recommendation, which set out the list of occupations to which the Conventions should apply—the list included Domestic Service; this is probably the first time that any I.L.O. legislation has touched on this particular subject. The 1936 Conference adopted a resolution concerning Domestic Service but nothing ever eventuated; in the Young Persons Committee this year, the matter was again raised.

SALARIED WORKERS. This occupation also has always been largely ignored and at every conference some delegate reminds it that, so far, the I.L.O. has done nothing to protect the interests of salaried workers (clerical or white-collar workers).

SECTION 3.

TECHNICAL

The I.L.O. has done some work in this field, which is almost boundless in its scope and includes such varied examples as Industrial Hygiene, Safety in Factories, Inspection, Apprenticeship, Vocational Training, Statistics, etc.

At this Conference, the hope was expressed that it might eventually be possible for the I.L.O. to set up an International Inspection Service to assist in securing uniformity in the application of ratified conventions. Extension of work under this heading is indicated by the following two items, set down for the 1947 convention:—

Employment Service Organisation.

Organisation of Labour Inspection in Industrial and Commercial Undertakings.

SECTION 4.

HUMAN GROUPS

This section includes women, young persons, migrant workers, war disabled, indigenous peoples, etc.; this 1946 Conference has dealt very strongly with young persons and indigenous peoples.

Concerning young persons, this year's Conference adopted conventions dealing with Medical Examination for Fitness for Employment and Restriction of Night Work. At last year's (1945) conference a resolution was passed, which constituted what was referred to as an International Children's Charter and which proposed the passing of such social legislation as would ensure the health, welfare and education of all children and young persons. Nothing further was done in this matter at this Convention, or is being done at the 1947 Conference, so this Children's Charter remains as a big subject for further attention in the future.

As regards Indigenous Peoples, the 1946 and 1947 Conferences will see the adoption of far-reaching I.L.O. legislation concerning Minimum Standards of Social Policy in Dependent Territories (Indigenous People—about 100,000,000 natives in Africa—about 30,000,000 Indians of local origin in the American continents).

SECTION 5.

SOCIAL

This section includes such matters as Migration, Full Employment, Unemployment Insurance, Sickness and Accident Insurance, Pensions, Social Security, etc. At the 1945 conference the fullest consideration was given to the matter of Full Employment; a long resolution of many clauses was adopted, which was an excellent summary of the desirable measures and possible safeguards to maintain, so far as is humanly possible, Full Employment.

The I.L.O. is keenly interested in Social Security and the various matters grouped in this section can be expected to come forward from time to time for consideration and decision thereon.

MY COMMENTS

This summary attempts to explain to employers the unlimited scope of the objectives of the I.L.O. and the extraordinary influence it is bound to have on social and economic life throughout the world.

Workers place their faith in the I.L.O. to secure for them social progress and justice. Workers want to be sure of maintaining human dignity and personal freedom; they rightly fear that Government ownership, operation and control can lend itself too easily to the suppression of human dignity and personal freedom and, eventually, of social justice.

Liberal minded employers can have no quarrel with human desires for Social Progress and Justice, but it is essential that employers take a very real interest in the work of the I.L.O. Employers to-day have a difficult place to fill—workers want full employment, better conditions and more wages with less hours of work—Governments have largely the same idea and, in addition, want Private Enterprise to provide a deeper and deeper purse for taxation, at the same time telling Private Enterprise how and what it must do.

Finally, both Government and Worker groups mix up unrealities with facts and, in general, appear to believe that social justice and a higher standard of living go hand in hand with less work and constant interference with production.

The work of the I.L.O. will be for the benefit of a new and better world, but the maximum co-operation of employers is essential in order to keep on bringing realism and commonsense into discussions that otherwise can sometimes sound like excursions into Utopia.

Employers will be best defending the cause of Private Enterprise if they will understand the inevitability of the I.L.O., if they will recognise and admit the great humanitarian work of the I.L.O. and if they will give the fullest co-operation in the carrying out of the work of the I.L.O.

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