

## DEMOCRACY AND MANAGEMENT

*The First William Queale Memorial Lecture, given at Adelaide on 22 October 1954*

The William Queale Memorial Lecture has been established by the Australian Institute of Management to honour the work and memory of a man whose friendship many of us enjoyed, and whose doggedness of character was in the great Australian pioneering tradition. For me it is indeed a distinction to be named as the inaugural lecturer.

'Bill' Queale's unspoken motto was, 'There is nothing I can't do if I try hard enough!' Taken as his own motto by every Australian, that simple but dynamic truth could make our country, in a few generations, a great nation in its own right and one of the most significant contributors to the well-being of mankind.

Much of the great constructive work in Australia has been done by men who, like the man whose memory we now honor, started from the 'grass-roots', without privilege and without any assets except courage, ability, and vision. Such men, whom professing democrats occasionally criticize for their very success, are in fact the fine flower of democracy. For democracy's true glory is not the achievement of a uniform mediocrity or of a spirit of dependence upon Government, but the encouragement of talent and initiative, the elevation of the individual, the giving of opportunity to all who have the inherent quality to seize it.

Democracy is the greatest system of government yet devised by man; but it has its weaknesses and its dangers. So far from lessening the responsibilities of the individual, it magnifies them. When one man was the ruler, it was no doubt a matter for thankfulness that he should be wise and honest and competent. But now that we are rulers, we must all seek to be as wise and honest and competent as honest effort can make us.

Democracy, as it develops, steadily widens the social responsibilities of government. The organized community accepts growing burdens in the interests of the individual; the burdens of industrial welfare, of economic leadership, of social services, of high and stable employment. The weightier the burdens we accept, the greater must be our capacity and our strength, our skill and our production. For to accept, with popular applause, burdens that we are incapable of sustaining, is to involve others in our own ruin. As the great Radical, Thomas Payne, once said, 'Those who expect to reap the blessing of freedom must, like men, undergo the fatigue of supporting it.' These reflections emphasize the point of danger.

Demagogy is a poor substitute for democracy. Attempts to create 'class' hatred in a nation whose only true classes are the active and the idle are in truth attacks upon democracy. A vehement concentration upon 'rights' obscures the vital fact that unless duties are accepted and performed by each of us, not only our rights but the rights of others will die for want of nourishment. If we were all tired democrats, eager beneficiaries but reluctant contributors, democracy would collapse under its own weight. There are far too many who desert the Queale motto and adopt that other which says - 'There is nothing I can't have if other people try hard enough.'

It may be a quaint survival of earlier historical systems - absolute monarchy, or despotic aristocracy, or a narrow oligarchy - that we should so easily fall into the habit of claiming

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upon 'the government' as if it were somebody else, with infinite resources and power; instead of which, of course, it is ourselves, with no more resources and power than we, by our efforts, have created and made available.

I make these trite observations about frequently forgotten things without apology, for I want to remind you that, because he was first and foremost a contributor, William Queale was a good democrat.

Your Institute, of which he was one of the founding fathers, is an Institute of Management. Its very name is a reminder that in a democracy we need only not effort and skill, but well-directed effort and skill. And here again I am reminded of one of the temporary ills of democracy - the quaint illusion that self-government and discipline are mutually exclusive; that obedience to orders subtracts from human dignity and freedom. This illusion, though not uncommon, is so crude that, in a sense, it needs only to be stated to be destroyed. Yet, with your permission, I will dwell on it a little.

'Each for himself and the devil take the hindmost' is the slogan not of freedom, but of anarchy. In a civilized community, not one of us can live to himself. In the immortal phrase of St Paul, 'we are members one of another'. My freedom must be limited if I am to live at peace with my neighbour and his freedom. The whole history of civilization, as mankind emerged from primitive tribal warfare and nomadic man gathered into ordered societies, was and is a history of limitations upon individual freedom. The growing mass of laws and the growing precision of law enforcement have produced an effect upon almost everything we do. The more robust our democracy becomes, the less do we claim an unfettered freedom to drive where we like and at what speed we fancy, to write or say what we like about other people, to redress our grievances by physical violence. Never the history of the world have men and women moved from day to day in such a vast network of laws and regulations, orders and prohibitions, as under modern democracy. The thing to remember is that we wear our chains lightly because they are of our own forging; that the giving up of the little freedoms involved in the social compact has raised the quality and assured the continuity of those great freedoms of the mind and of the spirit which democracy is destined to serve. As Edmund Burke said at Bristol in 1774, 'The only liberty I mean, is a liberty connected with order; that not only exists along with order and virtue, but which cannot exist at all without them.'

We see, therefore, that sensible discipline cheerfully accepted and public laws scrupulously obeyed are not the enemies of freedom, but its essential friends.

Good management is therefore vital good to democracy. Good management is your daily concern. It is my daily concern. I hope you will allow me to say a few things about it. For though I am a political manager (if the phrase is permitted), and you are business managers, the principles upon which we must work have much in common; more, indeed, than unthinking observers commonly concede.

I have not had all my years of Ministerial office without learning quite clearly one of the delightful oddities of human society. I will put it in this way. There is something fascinating about telling the other man how to run his business. Naturally, the less we know of the details and difficulties and headaches of that business, and the less encumbered we are with training and experience in that business, the more dogmatic we can be. Dogma is a comfortable think;

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it saves thought. Yet no man can reach a general conclusion of any value unless he has first studied and mastered the relevant details. Nevertheless this sober reflection deters street-corner political philosophers and newspaper commentators not one whit. The field we are not in continues to look greener. The only wisdom I can claim to have achieved is that I never tell a manufacturer how to make his goods better or cheaper; though truth compels me to say that not infrequently he is quite willing to give me five minutes of his time in which to solve the problems which have vexed me, in the study or the Cabinet Room, for years. Having offered these mild observations to those who may care to consider them, I make bold to say that the principles of management are of universal validity; they are the principles of industrial and business and political government. Let me set down and expound a few of them, partly for your guidance, but even more, I cheerfully admit, for my own.

The first principle of management is that the manager should know what he wants to do or to get done. Infirmity of purpose at the top will breed indifference, frustration, and confusion lower down. It is agreeable, in works of fiction or in the selectively edited autobiographies of what the Americans call 'tycoons', to read of the man who succeeded by making a long series of split-second decisions. But great enterprises are not made by split-second decisions. The great decisions are the fruit of research and labour and skill and imagination. The port of destination must be selected, the charts laid out, the crew engaged, the supplies taken aboard. If storms come, there will be plenty of room for quick decision, but after the storm the observations must be taken and the steady course resumed. Here we have the supreme difficulty of political management. There are so many side-currents; the clamour of the moment may indicate some other port, where, it is said, the seas are calm and the customers eager. The long view is never as spectacular as the day-to-day diversion. Yet without long views democracy becomes a mere squabble for bread and circuses; statesmanship disappears, and the adroit manoeuvres of evanescent politics prevail. In the lengthening history of self-government too many lofty conceptions have been set aside or postponed by the cynical comment - 'There are no votes in that!' Yet in every generation there has been enough resolute statesmanship to produce a line of progress, sometimes distorted by passion or prejudice or sheer greed, yet tending always towards a wider and better life. So, you see, we have our first principle in common; for you, the soundest establishment and long-range development of an enterprise; for a Prime Minister, some day, the memory not so much of a debate won or an electoral victory gained as of a nation advanced in prosperity and justice.

The second principle of management is that the manager must do his best with the materials he has. Management is not a matter of detached theory, but of theory practice. Every manager has his team of human beings, fast, slow, strong, weak. He is not to cry for the moon, or bite his nails at night, saying, 'If only old Brown or Jones were back with us again!' Now, in seeking for perfection, we can, if we are not careful, waste much time and energy. It was Cicero who said that everything splendid is rare, and that nothing is harder to find than perfection. So let us use the materials we have, with all their imperfections about them as ours are about us. Get the best team that you can; train it; encourage it; lead it. You will find, as many a captain has, that a team of champions will always be beaten by a champion team.

The third principle of management is that we should remember that we are not conducting affairs in a vacuum. We are not dealing on paper with abstract ideas, but in a hard world with ideas in relation to men – a very different matter. Alexander Pope said that 'the proper study of mankind is man'. He could have elaborated by saying that the most difficult study of

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mankind is man. It is much easier to be mathematically accurate than to give another man a sensible direction. For men have at their best that queer mixture of bad logic and good sense, of courage when cold reason says 'surrender', of vigour when, in reason, exhaustion should have arrived, which makes history by getting things done. This, you may say, puts a premium on the practical man, and puts the theorist in his place. But to say that would be to tell only half the truth. Theory without practice can begin as a divine essence but end as a mere vapour. Practice without theory can become so narrow and so ignorant that it loses the sense of direction and of purpose.

Let me develop this. The manager uses men. To use them effectively he must understand them. Men are distinguished from machines because they have ideas and personalities. The strong 'practical' man may drive a chain gang along, but he will never handle men without understanding and imagination.

The business manager must realize that his is not the only business; that his business is unlikely to succeed in a bankrupt community; and that he should, therefore, always seek to see his business in the setting of the business of the nation. The modern complexity of life involves a growing interaction between business and business, between business and government, between national and international economics. You can, in the short run, make money quickly, as Dick Turpin did. But in the long run you cannot be a good business manager without being a good and wise and informed and responsible citizen. Governments must fit themselves to see economics in the broad. Since a business manager cannot run his business and the government at the same time – oddly enough each is a full-time and absorbing task – he cannot be blamed if, like the cobbler, he sticks to his last. But I do beg of him that he should struggle to see the particular against the background of the general; so that the sense of profit and the sense of community, each of them so good, should co-exist and derive strength one from the other. Morally and intellectually, the curse of the world is narrow and exclusive specialism. It is supremely dangerous, whether it be the specialism of the manufacturer of milking machines or of the nuclear physicist.

The fourth principle of management – in order of importance it should be first – is to establish a sense of community of interest between manager and managed. Where there is no underlying sense of unity, differences become exaggerated and war becomes the normal. This is true of both politics and industry.

Take politics. Most of us at Canberra enjoy the friendliest personal relations. We have great matters in common. We are all Australians, of common race, language, literature, traditions, and religious faith. With few exceptions, we began life with no advantages of wealth or social position. We believe in the equal rule of law and in the dignity of self-government. We are British through and through. We are for the Crown. We are the Queen's men and women. We all believe in progress, in development, in social justice. What a wealth of agreement we have here! We disagree, of course, about socialism; about the limits of functions of government; about financial policies; about the principles of administration; about foreign policy; about many things. But the truth remains that, if we concentrate on our differences and forget our unities, politics will sound and be like civil war. The one thing that the bitter and narrow partisans forget is that continuity of national security and growth require, on great matter, a certain continuity of policy. We secure that by remembering our unities; we destroy it by thinking only of our differences. I, as you may have gathered, am a

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Liberal, with deep and strong convictions. My opponents, including men of great ability, are Socialists. So let the fight go on. But whoever wins between us, may Australia win always.

So much for the political managers. What about the industrial manager? As one who once had a great deal of first-hand knowledge of industrial arbitration, I am conscious of its central weakness. Over fifty years ago, the new Australian Commonwealth was given power to deal with certain classes of industrial dispute. No dispute, no jurisdiction. Fight first, and go to courts afterwards. The inevitable result has been that industrial warfare has tended to become the condition precedent to industrial peace. This has infected an already difficult problem, the relation between employer and employee. Too frequently the question has been, 'How much can I get out of the other fellow?' when it should have been, 'How much can we all get, if we work together?'

There are certain simple truths which become obscured by the dust of conflict. One of them is that there can be no permanent and progressive employment in an unprofitable business; good profits are the only guarantee of good wages, and vice versa. The other is that goodwill is vital to efficient service, and that the employer who performs only his legal and compulsory duty cannot sensibly demand from his employee a loftier standard than he himself upholds.

Year by year, we are, as a people, vexed by foolish industrial disputes from which there emerge hardships in wage-earners' homes, losses in trading accounts, a fall in national production, and anger in the public mind. In most cases, these disputes have occurred because the simple truths to which I have referred have been forgotten.

Politically and industrially, we have major interests in common, and others on which some disagreement is necessary and healthy. One of the great tasks of management is to make these things clear. To work out, even by dispute, the terms of partnership is one thing; to forget or deny partnership is both foolish and suicidal.

The fifth principle of management is, in a democracy, the hardest to practice. It is, in brief, to achieve the highest possible measure of self-help and self-reliance before asking somebody else to carry the burden. The ancient question, 'Am I my brother's keeper?' has in modern times been distorted into, 'Is not my brother my keeper?' That mystical creature, the Government, which nobody has ever seen, has come to be regarded as the Universal Provider. On great national issues, Government may well be the port of ultimate resort; but it should not be the first port of call. Not so long ago, the Tariff Board had something to say on this matter.

That Board, let me remind you, has over along period of years, established a remarkable degree of authority, and of service to Australia. That it is occasionally criticized I admit, yet, by and large, its methods, its principles, and its reports have enjoyed the respect of industry and of the community at large. Its high reputation has helped Australia in many international trade and financial negotiations both before and since the General Agreement on Tariffs and Trade. The work of the Board has, to say the least, not hindered the sound growth of secondary industry in Australia. Yet the Board has repeatedly noted that too many manufacturers, when meeting competition, think first of added protection as the quick answer.

In its 1950 Report, the Board said, 'Tariff protection should be a last resource and not a sole or even inevitable method of securing relief from overseas competition'. And again, in its

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1953 Report – ‘The Board does not subscribe to the view that the Tariff should be used in anticipation of difficulties ahead, neither does it believe that the Tariff barrier should be the first line of defence against overseas competition.’ In the same report it spoke of industry’s ‘capacity for self-help’. These statements were not attacks on the policy of protection, which indeed needs no defence; they were designed merely to put things in perspective. Honest work, good plant, and efficient management remain the prime weapons against a burdensome cost structure and competitive disadvantage.

The sixth principle is that every good manager is a pioneer. I began this lecture by referring to William Queale as one who was in the Australian pioneering tradition. Many times I have said, and I repeat it tonight, that we do badly to think of the pioneers as grandfathers, with beards and bowyangs; dead and gone, their labours completed. For the truth is that when a nation gives up pioneering, it goes back. A pioneer is, quite simply, one who breaks new ground or sets out on new adventures. His essence is that he is willing to tackle a new problem, and has a sense of responsibility for the future. Such qualities are not common, and therefore we cannot all be managers. But unless in every generation we have an adequate supply of pioneers, future generations will not call us blessed. Flashy policies, get-rich-quick schemes, the preferring of big current dividends to solid reserves for future development; these are the negation of the pioneering spirit, for they deny or ignore responsibility for the future.

Great enterprises cannot stand still in a growing community; when they do, it is a sign that they are marked for death. The sad thing, which we have all noted and which we should all do our best to dislodge, is that there is such a widespread popular disposition to be critical of big men or ideas or enterprises, and particularly of great and growing enterprises, as if in some ways their success is inimical to social justice or rather literal notions of democratic quality. In truth, they merely show the pioneering spirit at work; their success is a proof of the opportunity which democracy gives, and must continue to give, to talent and character and energy. In a slave community, the only great enterprise is despotic government itself. It is in free communities that the citizen gets his chance. His growth is the proof of his freedom.

Before I conclude, let me recapitulate. I have, it would seem, stated some principles of management. The manager should know his own mind and purpose. He should work with the materials he has, and not with those he would have liked. He must remember that he is dealing with men and not abstractions. He must foster a sense of community of interest among all those who are engaged in his enterprise. He is to practise self-help to the limit before appealing to Government of other people. He must never lose his capacity for pioneering.

You may dismiss my theme and exposition by saying that it is all perfectly obvious, and did not need to be said at all. In a way I hope that you can say this, and say it truthfully. Nothing could be more splendid proof of the success of the Institute and of the men who founded and inspired it.

One the whole, however, I think that the criticism is much more likely to take this form – ‘Oh yes; it’s all very well to make some academic analysis and produce some counsel of perfection; but business is a tough practical business, which has to be learned the hard way,

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and there's no room in it for these pretty-pretty theories.' So, before I conclude, I will say something about 'tough practical men'.

A man may be a tough, concentrated, successful money maker and never contribute to his country anything more than a horrible example. A manager may be tough and practical, squeezing out, while the going is good, the last ounce of profit and dividend, and may leave behind him an exhausted industry and a legacy of industrial hatred. A tough manager may never look outside his own factory walls or be conscious of his partnership in a wider world. I often wonder what strange cud such men sit chewing when their working days are over, and the accumulating riches of the mind have eluded them.

The truth is that if the second half of the twentieth century is to see a restoration of civilization and peace, a new marriage must occur between theory and practice; between the spirit of humanity and the talent of the individual. If we are not just to blunder along, from crisis to crisis, from expedient to expedient, we must have in this world a revival in all spheres of activity, of the human soul and the human intellect. Each needs cultivating. Each needs exercise.

It is worse than foolish, it is dangerous, to regard the spiritual nature of man as irrelevant to secular enterprise, or to treat a broad philosophy of life as an intellectual matter fit only for the university classroom. The basic malaise of our brilliantly clever century is that we have tended to divide our lives into watertight compartments. The enormous and dynamic energies of business and productive and commercial enterprise will reach their fullest and most useful expression when pure learning ceases to be a thing apart, when our knowledge of men catches up with our knowledge of machines, when industrial statesmanship becomes recognized as just one branch of a universal statesmanship, of which the statesmanship of government will be but a particular expression.