

The Official History of

THE MINISTRY OF MUNITIONS



VOLUME V WAGES AND WELFARE



Naval & Military Press in association with The Imperial War Museum

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VOLUME V

WAGES AND WELFARE

Part I Control of Men's Wages

Part II Control of Women's Wages

Part III Welfare: the Control of Working Conditions

Part IV The Provision of Canteens

Part V Provision for the Housing of Munition Workers

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HISTORY OF THE MINISTRY OF MUNITIONS

VOLUME V

WAGES AND WELFARE

PART I

THE CONTROL OF MEN'S WAGES

VOLUME V
WAGES AND WELFARE

PART I
THE CONTROL OF MEN'S WAGES

CHAPTER I.

THE ADJUSTMENT OF WAGES BEFORE THE PASSING OF THE MUNITIONS OF WAR ACT, 1915.

I. The Settlement of Wages before the War.

(a) WAGES AND INDUSTRIAL UNREST.

The adjustment of wages to changing industrial conditions is always a delicate and complicated task. The war, by accelerating industrial change in every direction, put a new aspect on the problem and compelled the adoption of new methods of dealing with it. On the Ministry of Munitions, as the authority charged with the organisation of the country's industrial resources for the purposes of the war, fell the chief burden of devising and applying these new methods. Much had, however, happened before the Ministry was established; the Ministry's policy is therefore intelligible only in the light of the changes that took place and the measures that were adopted between the outbreak of war and the passing of the Munitions of War Act. These in their turn require some understanding of the wages situation on the eve of the war.

The years immediately preceding the outbreak of war were years of exceptional industrial unrest, in which wage-rates and wage-relations were subject to frequent change. For a generation wage-rates had lagged behind the increase in the cost of living. The year 1900 being taken as 100, wholesale prices rose from 88·2 in 1896 to 116·5 in 1913 and retail prices in London from 91·7 to 114·8; the average rise in the wage-rates recorded by the Labour Department of the Board of Trade in the same period was from 90·2 to 106·5, the rise in the recorded rates of skilled engineers being even less, viz., 96·7 to 105. The rise in prices does not represent exactly the rise in the cost of living, since rents in most parts of the country rose only slightly; but the combined rise was sufficient to be felt as a hardship. Wage-rates again are not an exact measure of the wage-earners' income, since an average of wage-rates makes no allowance for the movement of population from lower-paid to higher-paid occupations, for promotion of individuals to higher grades, for overtime, and for increased facilities of earning on piece-work due to general improvements in methods of production. But rates and their relation to the cost of living are the issues on which differences about wages usually turn. The workman does not regard it as a reason for accepting a lower nominal or real rate that he can increase his income by working longer hours or undertaking more responsible work; the increased yield of piece-rates, so far as it is not due to increased dexterity, he regards as his due share of the general increase in the productivity of industry; while a reduction in the rate of any trade, due to an influx of labour from lower-paid occupations, naturally strikes the workpeople in that trade as a loss, although there may be a net gain to the wage-earning class as a whole.

Since 1910 the adjustment of wages had been accompanied by a succession of trade disputes. Wage-rates had risen, on the average

keeping pace with prices, but the advances had been unevenly distributed in preceding years, and had not been sufficient to make up the ground lost. In the five years before 1910 the average number of disputes beginning each year was 456, and the average number of workpeople directly involved 211,000; in the years 1910-13 the average number of disputes was 947 and the average number of workpeople involved 915,000. The records of voluntary conciliation and arbitration boards reveal a similar increase in activity, the number of cases considered rising from an average of 1,734 in the earlier period to an average of 3,418 in the later. The figures for 1913 were 1,497 disputes, involving 689,000 workpeople, and 4,070 cases considered by conciliation boards. The work of the Chief Industrial Commissioner's Department under the Conciliation Act of 1896 showed a similar increase. It is worth noting, since one of the results of the war was to institute compulsory arbitration, that the proportion of disputes settled by arbitration in 1913 was smaller than in any of the previous nine years, and the chief national agreements providing for the settlement of disputes in munitions industries, those namely negotiated by the Engineering Employers' Federation, the Shipbuilding Employers' Federation and the Midland Employers' Federation, made no provision for arbitration.

(b) ORGANISATION OF EMPLOYERS AND EMPLOYED.

The relations between employer and employed were largely governed by collective agreements between employers' associations and trade unions. There was in the years preceding the war a marked growth in the membership of trade unions, which is illustrated in the following table:—

	1910.	1911.	1912.	1913.	Estimated Industrial Population 1914.
Iron & Steel Manufacture	53,000	60,000	69,000	80,000	210,000
Ironfounding	37,000	39,000	45,000	49,000	63,000
Engineering	177,000	199,000	236,000	272,000	684,000
Shipbuilding	75,000	82,000	92,000	97,000	181,000
Miscellaneous Metals ..	28,000	35,000	37,000	40,000	—
Total Metal, etc., Trades	370,000	415,000	479,000	538,000	1,803,000
Cabinetmaking, etc. ..	14,000	17,000	18,000	25,000	144,000
Coachbuilding	12,000	13,000	16,000	20,000	36,000
Other Woodworking Trades	13,000	15,000	17,000	19,000	—
Total Woodworking, etc.	39,000	45,000	51,000	64,000	338,000
General Labour	119,000	227,000	252,000	391,000	—
Female T.U. Membership:					
Non-Textile Trades ..	38,000	60,000	79,000	100,000	—
Mining and Quarrying ..	731,000	752,000	757,000	916,000	1,174,000
Transport Trades	245,000	514,000	515,000	700,000	—
Building Trades	157,000	173,000	204,000	249,000	806,000
All Unions	2,446,000	3,019,000	3,288,000	3,987,000	—

It will be noticed that the most remarkable increases in the period are in the organisation of general labourers, transport workers and women; the skilled men's unions, however, including as they did the irreplaceable workers in each industry, were the chief factor in collective bargaining. It will be noticed also that the number of trade unionists is in few industrial groups approximate to the number of persons engaged. The explanation is partly that general labourers and in many cases semi-skilled workers are organised outside the unions specialised to the industry, and that the industrial population in any group includes clerical, transport and other workers likely to be outside these specialised unions. But the chief explanation is that trade unionism, except in a few very highly organised trades such as coal, was "patchy," the organisation being strong in most districts and firms, but very weak in some, or inclusive in the skilled grades and weak or negligible in the semi-skilled and unskilled grades. The existence of national unions had not brought about national rates of wages, standard rates being nearly always district rates and of varying authority at that; the standard time rate for example for a turner recognised by the Amalgamated Society of Engineers in October, 1913, varied from 24s. a week in Redruth to 46s. in Grays, with 31 intermediate rates, and many workers were regularly paid above the standard rate.

Outside the metal, engineering and shipbuilding group of industries, the workpeople affected by munitions contracts were not well organised. The general labour unions, especially the Workers' Union, were establishing sections for semi-skilled and unskilled labour in different industries and thereby supplementing the organisation of the more specialised unions; but they had not in 1914 succeeded in organising a majority of the workers in these grades. Among women especially organisation was weak. The chief women's union, the National Federation of Women Workers had at the end of 1913, 12,152 members, the Workers' Union had 5,200 women members, the National Union of General Workers, 4,380, and the Dockers, 4,806. If these figures are compared with the membership of the same unions after four years of State regulation of wages, it will be seen that State regulation is not necessarily hostile to trade union organisation and may very well be the reverse.

In the organisation of employers the local association was the important unit. In engineering most of the local associations (52 in number in 1912) were combined in the Engineering Employers' Federation, which thus represented (1912) 830 firms employing between 500,000 and 600,000 workpeople, or about 75 to 80 per cent. of the trade. In shipbuilding the National Employers' Federation not only gave the support of a national organisation to the local associations, but negotiated national wage-settlements. A large part of the miscellaneous metal industry of the Birmingham, North Worcestershire and South Staffordshire area, hitherto ill-organised, had been organised in the Midland Employers' Federation, formed in 1913, which had a collective agreement with the three chief general labour unions in the area, establishing minimum time-rates and providing a procedure for the settlement of disputes.

Negotiations about wages were the subject of collective agreements over the greater part of the metal, engineering and shipbuilding industries. In the engineering trades they had been governed until March, 1914, by an agreement made in 1898 and revised in 1907. This provided for the settlement of disputes without stoppage of work, in the first instance by deputation to the employer; or an official of the union could approach the local secretary of the employers' association; or either party could bring the question before a local conference between the local association of employers and the local representatives of the unions; failing settlement locally, the question would be referred to a central conference consisting of members of the executive board of the employers' federation and members of the central authority of the union or unions concerned. The agreement also dealt with the general principles governing piece-work, overtime, rating of skilled workmen, apprentices, and the manning of machine tools. The detailed working conditions were the subject of local agreement between local employers' associations and the unions. Wage-rates were not usually specified in agreements, but the national agreement laid it down that general alterations in the rates of wages in any district should be negotiated between the employers' local association and the local representatives of the trade union or unions concerned. In this the employers' policy corresponded with that of the chief union concerned. The Amalgamated Society of Engineers, while providing for a central control over finance, left wage-negotiations to the district organisations; indeed a revision of rules carried through in 1912 had very much cut down the powers of the Central Council to control the districts and correspondingly enhanced the activity and independence of the district authorities.

The parties to the agreement of October, 1907, with the Engineering Employers' Federation were in 1914 the Steam Engine Makers' Society, the United Machine Workers' Association, the Toolmakers, the Scientific Instrument Makers, and the two national unions of Smiths and Strikers. In addition the Electrical Trades' Union, the two Brassworkers' Societies, while not parties to the general agreement, were parties to the provisions for avoiding disputes. The Amalgamated Society of Engineers had withdrawn from the agreement and from a supplementary agreement, authorising and prescribing conditions for the premium bonus system, in March, 1914, mainly owing to its objection to the clause in the general agreement dealing with the manning of machines, but partly also owing to complaints of the delay in the settlement of grievances. The Central Council was, however, in September, 1914, authorised to enter into negotiations for a new general agreement, and agreed on a provisional procedure for avoiding disputes.

Similar provisions for preventing stoppages governed the shipbuilding industry; but in this agreement general fluctuations in wages due to the general conditions of the industry were the subject of national, not local, negotiation, and applied to all firms in the Federation and all trades, party to the agreement, at once. Such general changes could not be made until at least two conferences had been held to

discuss them, or within six months of the last general change, and they were limited at any one time to 5 per cent. on piece-rates and 1s. a week or $\frac{1}{4}d.$ an hour on time rates. One important trade union in the industry, the United Society of Boilermakers and Iron and Steel Shipbuilders, withdrew from the agreement in 1912; it remained, however, a party to a number of local agreements of narrower scope.

The agreement between the Midland Employers' Federation and the General Labour unions concluded in July, 1913, for twelve months, laid down standard rates of 23s. a week for adult unskilled male labour and 6s. for girls of 14 rising to 12s. at 21; piece-rates it left to be settled by mutual arrangement between the employer and workman, but guaranteed the workman's day-rate irrespective of his piece-work earnings. It also provided for the settlement of disputes on lines similar to those adopted in the engineering trades.

In the whole of this industrial group the actual conditions of work and rates of pay were governed more by local agreements than by any national or even provincial settlement. The agreements were in most cases only in part reduced to writing, many of the factors being customary observances. Just as standard time-rates varied from district to district even for the skilled grades, so the standard week, allowances for overtime and night work, the arrangement of shifts, procedure for fixing piece-rates and other bases for payments by results, group payments and sub-contracting arrangements, varied. The Engineering Employers' Federation was urging its constituent associations to substitute written agreements for unwritten custom, but the latter still regulated relations between employers and workpeople over the larger part of the field of their relations.

In the iron and steel trades the wages of the majority of the workpeople employed were regulated by sliding scales, under which the rate per ton paid to the workpeople was made to rise or fall in accordance with prescribed advances or reductions in the selling price of the product. This automatic provision for the general movement of wages had the effect of confining within very restricted limits the number of disputes between employers and employed. To deal with such as arose and to consider modifications and adjustments in the sliding scale, however, a number of conciliation boards existed. They were usually constituted of representatives of individual works, not of employers' associations and trade unions; trade unionism in the industry was, however, so strong that the difference was not very material. There were no national agreements in these trades, the unit of organisation being usually the district.

(c) METHODS OF REMUNERATION.

The customs and agreements regulating wages illustrate well the complexity of the problems involved in any attempt on the part of the State to control wages. Methods of remuneration vary with the varying circumstances of different trades. In engineering, time-rates were the rule; these rates varied from district to district and from

craft to craft, so that in the aggregate they numbered some hundreds. Piecework was however allowed under the national agreement,¹ prices to be arranged in the shop, overtime and nightshift allowances to be paid, and the time rate to be guaranteed. Of the 267,000 workpeople covered by the returns under engineering and boilermaking in the Wages Census of 1906, 22·9 per cent. were piece-workers and 4·6 per cent. paid on some bonus system. Time wages with a bonus on output were common in blastfurnace work. Certain shipbuilding processes, especially riveting, plating and caulking, were usually done on piece-work, about one in three of the whole number of workpeople covered by the returns in shipbuilding being piece-workers. In iron and steel manufacture the more responsible work was usually paid piece-rates, although only 28·3 per cent. of the workpeople employed were piece-workers; many of the piece-workers were sub-contractors, receiving a tonnage rate, and paying time-wages to some or all of their helpers. In the allied industries, such as railway carriage and wagon building (67·6 per cent.), light iron castings (45·3 per cent.), cycles (52·8 per cent.), nails, screws, nuts, etc. (48·2 per cent.), the proportion of piece-workers was much higher.

The proportion of workpeople on bonus systems in engineering in 1906 was small. Between 1906 and 1914 a great deal of experiment in bonus systems took place. The limited amount of simple repetition in commercial engineering gave few opportunities for straight piece-rates. Any system of payment by results therefore that was to be of general application must provide for a large number of individual arrangements and allow a margin of error that is unnecessary where production is uniform and standardised. The system that seemed to employers to satisfy these conditions best was the premium bonus system—the system under which each job is timed, and the workman paid a bonus on his ordinary time-rate if he completes the job in less than the base-time.

Bonuses and piece-rates might be paid to the individual on his output or they might be collective, *i.e.*, paid to a group in specified proportions on the group's output. Certain unions were opposed to any system of payment by results, the chief unions in the wood-working crafts being particularly dogmatic in their assertions of the ill effects of such systems. On the other hand, piece-work was the rule in the minor metal trades.

Changes in the general level of wages were usually the result of special negotiation, which was usually conducted in the district, but might be, as in the case of shipyard labour, conducted nationally. In the iron and steel trades, which the demand for munitions was to affect, such general changes were made, as has been indicated above, automatically in accordance with a sliding scale.

In the coal-mining industry changes in the selling price were a principal, though not the sole, factor in determining changes in wages ;

¹ From which the Amalgamated Society of Engineers withdrew in 1914.

sliding scales were in operation in most fields, subject to a minimum below which, and a maximum above which, wages did not fluctuate.

The other provisions found in collective agreements had usually some bearing on the problem of wages even if they were not concerned directly with the fixing or varying of rates. The regulation of hours by the establishment of a standard week (or day) limited the amount of work that should be given for a given wage, and, in conjunction with provisions for special overtime rates, might give rise to earnings in excess of the nominal rate. The regulation of entry to the trade and the allocation of work or manning of machinery were parts of a policy which aimed at preventing any sudden influx into the trade and so at giving security to wages in it. Trade union policy may be said to aim at such a control of the conditions of employment as would serve to prevent any sudden or extensive change in wages to the disadvantage of the union members. Any alteration in the conditions of employment, such as those involved in a policy of dilution, might therefore involve a challenge to trade union policy (unless made with the consent of the union), and the attitude of the union would depend largely on the extent to which it considered that its standard rates were imperilled. Even if the representative leaders of a union were convinced of the necessity of a change, the working members would react instinctively against any proposal that threatened the security of their income.

(d) COLLECTIVE BARGAINING AND GOVERNMENT CONTROL.

The control of wages by voluntary collective bargaining, while it secured the continuous adaptation of wages to changing industrial conditions, was ill-adapted to dealing with changes so rapid and extensive as the war was to bring with it. The number of unions involved was great; an employer in the case of a large engineering works might have regularly to deal with more than twenty; and the extent of joint action between the different unions was limited. The number of consultations to be made and bargains to be struck was increased by the practice of negotiating changes in the district rather than nationally—a practice which also led to variations in the amount and time of advances in different parts of the country. The ordinary process of dealing with a disputed question, by reference from the works to the local conference and from local conference to central conference, although amply justified in ordinary times as a method of securing agreement and avoiding stoppages, was slow in itself, and the channels were liable to be clogged when there was any unusual number of difficult questions to be dealt with. Another obstacle to prompt adaptation to change was the condition of trade unionism itself, which exhibited many of the symptoms of a transition stage. The relations between unions in the same industry were being changed by federation and amalgamation; the distribution of duties between central and local authorities was a matter of controversy; the objects of trade unionism (if the articulate minority may be trusted) were broadening and becoming more revolutionary. The official spokesmen

of the unions were reluctant to commit their constituents, and often debarred by their constitutions from so doing, on most important issues. An organisation that is undergoing extensive internal changes cannot act promptly in its external relations ; yet any general change could be introduced only by the consent of the unions. A final obstacle to easy handling of national wage-questions was the large number of unorganised workers, whose wages normally followed those of their organised fellow-workers, but could not be made the subject of any general change with ease or certainty.

Thus, while the governing conditions of the wages problem before the war were relatively simple—the existence of standard rates in most trades, established and changed by collective bargaining ; a regular procedure, in a more limited but still considerable range of trades, for effecting changes either in rates or in conditions affecting wages ; and the strike or lock-out as the ultimate resort in a deadlock—it was not a simple thing to base a policy on these conditions, once State interference with wages became necessary. The conception of the standard rate was simple, but the thing itself was very complicated, since rates varied with occupation and with district and differed very much in the extent to which they received recognition. Similarly collective bargaining was effected through an enormously complicated machinery of very varying efficiency. And the resort to a stoppage in cases of deadlock, though the only way that had been discovered of finding a solution that might be expected to stand, had its dangers and disadvantages multiplied manifold by a state of war.

Government interference with wages before the war had been very limited in extent. In certain trades, characterised by low wages, a large preponderance of women workers, and a lack of trade union organisation, Trade Boards had been established under the Trade Boards (Minimum Wage) Act of 1909. In coal-mining similar machinery had been set up under the Coal Mines (Minimum Wage) Act of 1912. The effect of these was to establish legal minimum rates ; but these rates were actually fixed by a process very similar to that of voluntary collective bargaining. Outside these exceptional trades the chief contact between the Government and the settlement of wages was through the Chief Industrial Commissioner's Department of the Board of Trade. Under the Conciliation Act of 1896, the Board of Trade had powers to inquire into industrial disputes and to endeavour to bring the parties to a dispute together ; to appoint, on the application of either party to a dispute, a conciliator, who should endeavour to effect a settlement by agreement ; and to appoint, on the application of both parties to a dispute, an arbitrator who should settle by an award. The exercise of these powers ensured an intimate contact between the Chief Industrial Commissioner's Department and the industries of the country, although the great majority of wage-questions were settled without his intervention. His work assisted and supplemented the machinery of voluntary conciliation without seeking to supersede it, and in general the State may be said to have left wages to be settled by the interplay of economic forces which it did not seek to control.

II. Movement of Wages, August, 1914—July, 1915.

(a) RISE IN THE COST OF LIVING.

On the outbreak of war there seemed no reason for interfering with, or even supplementing, this elaborate organisation for dealing with wages. The leaders of the workpeople's unions spontaneously recommended an industrial truce,¹ and the number of workpeople involved in disputes commencing in the last five months of 1914 was only 23,000. The general economic changes that the war led to made it impossible, however, to stereotype wages, and in the early months of 1915 the industrial truce showed signs of breaking down. The defects of the ordinary provision for dealing with wages began to show themselves, and the Government took its first steps in the direction of regulating wages. By the time the Ministry of Munitions came into existence, these steps were still very limited and tentative; they were confined to supplementing rather than superseding the ordinary provision.

In the period between the outbreak of war and the establishment of the Ministry, changes in wages took place, but not of a magnitude to correspond with the changes that were taking place in the position of the wage-earner; they took place without any co-ordinating control by Government policy, and they were hampered by the existence of the industrial truce; they were uneven and partial, not uniform and general. They had the effect, therefore, of seriously altering the relations between the wages of different classes of workers without establishing any new basis, with the result that wages were in an unstable condition when the Ministry came into existence.

In the following table the general movement of wages is illustrated. The figures represent the effect of a change in the rate for a full week's work; they do not therefore show the effect of short-time or overtime.² For the purposes of comparison some figures illustrating the change in the cost of living and the number of disputes are also given.

Months.	Percentage Rise in Retail Cost of Food over level of July 1914.	Net Increase (+) or Decrease (—) in Wages reported to Board of Trade.	Number of work-people receiving an Increase.	Amount of Increase.	Number suffering a Decrease.	Amount of Decrease.	Number of New Disputes.	Number of work-people directly involved.
1914								
August ..	—	£ 178	18,706	1,010	36,200	1,188	15	1,975
September ..	10	+ 173	2,142	173	—	—	23	2,972
October ..	12	+ 2,117	58,081	2,297	9,182	180	27	5,046
November ..	13	— 1,883	31,452	3,502	147,405	5,385	25	4,665
December ..	16	+ 3,692	49,658	3,692	—	—	17	1,190
1915								
January ..	18	+ 1,916	44,770	4,240	77,535	2,324	30	3,436
February ..	22	+ 17,889	149,988	18,181	3,650	292	47	26,129
March ..	24	+ 72,713	446,267	72,713	—	—	74	12,982
April ..	24	+ 12,894	192,655	12,894	—	—	44	5,137
May ..	26	+ 188,485	969,680	188,485	—	—	63	39,913
June ..	32	+ 20,003	179,876	20,003	—	—	72	17,954
July { 1st	32½	—	80,700	2,900	754	—	40	202,085
July { 31st	34	—	—	—	—	—	—	—

¹ Vol. I, Part II, Chap. II, p. 31.

² Cf. Appendix I.

The reductions in wages in August and November, 1914, and January, 1915, were due to a fall in selling prices in industries and districts in which wages varied automatically with selling prices. The rise in February, 1915, is exclusive of a war bonus of 3s. and 2s. a week to railway workers. The great rise in May is accounted for by the advance, varying in the different fields, but normally about 15 per cent., in the coal-mining industry. The advance in June was subsequently supplemented by a 5 per cent. advance in cotton-spinning, arranged in July to date back to June. The large number of work-people involved in disputes in July were almost all of them accounted for by the South Wales coal strike. The general result of the table is that wages were "frozen" from August, 1914, to January, 1915; from February onwards unprecedented advances in money wages were secured by those classes of workmen whose labour was in demand for the purposes of the war; but even these were not sufficient to compensate for the increased cost of living. These two factors it was, the rise in the cost of living and the growing demand for labour for war purposes, that made wage-changes inevitable.

The rise in the cost of living was the ground on which, almost exclusively, trade union spokesmen in conferences and arbitration hearings based demands for increases in wages. The profits that employers were alleged to be making were adduced as an additional reason, but the demand was pressed even when no attempt was made to rebut the evidence brought by employers that profits were small. It would be difficult, the spokesmen argued, to induce the rank and file of the unions to continue to observe the industrial truce, unless the rise in the cost of living was stopped or wages adjusted to meet it. Members of the Labour Party in Parliament protested against the rise and argued that, if the prices of commodities were allowed to rise in accordance with the law of supply and demand, wage-earners should be free to take advantage of the same law and raise the price of labour.¹ The Prime Minister's statement on 11 February, 1915, in the House of Commons on the rise in the cost of living, in which he gave the impression that it was unavoidable and that little could be done to check it, was strongly criticised by Mr. Clynes, Mr. Anderson and others, and provoked much resentment among organised workers in the country. Of the two alternatives, keeping prices down and forcing wages up, the trade union leaders expressed themselves as preferring the former; they were compelled, however, to aim at the latter.

The situation was the more difficult, because wage-earners were feeling the pressure of the rise in the cost of living before the war. They had been prevented in many cases by long term agreements from securing a corresponding advance in wages, in spite of the fact that industry generally was prosperous. In the cotton spinning industry, for example, wages were governed by a five years' agreement made in 1910. In the engineering trades, wages were largely governed by local agreements with a term of three years, and when, as in the Clyde and London districts, an agreement was due to terminate towards the end of 1914,

¹ e.g. 15 March, 1915. *Parliamentary Debates*, 1915 (H. of C.), LXX, 1823

the men were looking forward to its termination to give them an opportunity of securing compensation for the rise in the cost of living that had taken place since the agreements were made.

The negotiation of new long-term agreements was not easy in the abnormal conditions of war. The rise in the cost of living proceeded all the time negotiations were going on, markets had changed and were changing, the labour situation was changing every week. In spite of this the normal procedure was followed in a number of cases and new long-term agreements concluded. Thus in November new agreements were made in the engineering trades in London on the basis of a 3s. advance in time-rates, in Birmingham and Leicester of a 2s. advance, the new rates to stand for two years in each case. On the Clyde, although the form and amount of the unions' claims were determined before war broke out, and were based on the pre-war rise in cost of living and the pre-war prosperity of the industry, quite apart from war changes, no agreement could be reached, and after a serious strike the question was referred for settlement to the Committee on Production, who, on 23 March, awarded an advance of 1*d.* an hour (half the union's claim) as a war-wage.

The employers' case against making advances rested on the fact that their contracts were usually based on a labour cost based in its turn on a long-term agreement. Contracts made before the war or during the depression of August, 1914, were still running.¹ It proved impossible, however, even where agreements had still some time to run, to refuse advances. The example was set by munitions centres. In the Sheffield engineering trades an advance of 1*s.* a week was granted early in October, in spite of a three years' agreement raising wages 2*s.* a week concluded only the previous March. A further 4*s.* was conceded in March, 1915, when other districts were getting their first advance. On the Tyne a similar advance was granted in March, although wages were governed by an agreement with fifteen months still to run. The first award of the Committee on Production, a national award in the shipbuilding industry of 4*s.* a week, 1*d.* an hour or 10 per cent. on piece-rates, on 1 March, set a standard generally adopted in the ensuing months. These advances were supplementary, designed to meet the increased cost of living due to the war, and were extended generally to the engineering trades in the course of the spring and summer of 1915. A similar movement was going on outside the munitions industries, the railway workers receiving a bonus of 3*s.* or 2*s.* in February and the miners an average advance of about 15 per cent. in May.

Apart from advances in the standard district rates and bonuses extending to all workpeople, individual advances and bonuses were common wherever the demand for munitions made itself felt. Bonuses on output, bonuses on time-keeping, "hallelujah" rates, "time and a bit," remunerative systems of payment by results, and abundant

¹ Committee on Production Hearing: Manchester Engineering Employers: 19 April, 1915.

overtime were offered to induce an extra application from the worker or to attract workers from other firms and districts. Even where there was no intention of raising wages, abnormal earnings were in many cases made possible by the fixing of piece-rates at a high level, on work of which they had no experience, by firms undertaking the manufacture of munitions for the first time. Employers who needed labour, however, needed it very badly, and were willing to offer concealed advances, where for any reason a general advance in the district rate was objectionable. The growing shortage of labour was making itself felt and enabling the unions to press their demands.

(b) THE DEMAND FOR LABOUR.

Some measure of this shortage and of the general demand for labour is afforded by the Board of Trade returns on the state of employment.

The first effect of the war was to depress employment outside a limited range of munition industries. Certain industries, notably cotton, were already affected by a general decline in employment due to causes quite unconnected with the war; and the extent of the decline was masked by the endeavour of many employers to avoid discharging any portion of their staffs by putting all upon short time. There was, however, in August an increase in the number of members unemployed in the case of all the trade unions making returns to the Board of Trade except shipbuilding. The average increase was 4·3 per cent., from 2·8 per cent. to 7·1 per cent., an average made up of figures that varied from an increase of 13·8 in the case of cotton to a decrease of 0·3 in the case of shipbuilding. Even in the case of industries like engineering and coal mining the first effect was a contraction of employment, since the volume of private work adversely affected by the war was so much greater than the volume of public work to which the war gave rise.

The first effect of the war, therefore, on wages was adverse. Although reductions were unusual, the movement upwards that characterised the first part of the year was checked, and the workpeople were unable to secure any compensation for the increased cost of living. The Government's policy of concentrating munitions contracts on a small number of established armament firms accentuated the evil, since it prevented the war demand from affecting any but a limited number of areas. The result was that engineering firms in Manchester and shipbuilding firms in Glasgow took on private contracts, with a view to keeping their works going, at prices that would not allow of an advance in wages. The influence of the setback to trade at the outbreak of war continued to be felt as long as these private contracts ran, and constituted an obstacle to wages advances as late as the following spring, when food-prices had advanced over 25 per cent.

Where munitions contracts were placed, on the other hand, advances were made in order to stimulate workpeople to greater exertions and to attract labour from other districts. Such advances

as those in the engineering trades in Sheffield in October and in London in November destroyed the normal relation between rates in these districts and rates in other engineering centres. Government contracts, while improving the demand for labour in the country as a whole, exercised an uneven influence; some industries they hardly helped at all, and they affected only certain districts in the industries on which their influence was greatest.

The effect of enlistment was felt more generally. It was not, however, until December that it overtook the contraction in men's employment, and, of course, it did not, except indirectly, affect women's employment at all.

The industries affected by Government contracts began to draw on other industries for labour to replace the labour of enlisted men in October; by December they had drawn in more labour than they had lost by enlistment. But there was a large group of industries, of which building and cotton were the most important, in which the contraction of employment in December was still much greater than the reduction by enlistment in the supply of labour. Moreover, every industry showed a considerable amount of short time, while overtime to a greater or less extent was being worked elsewhere in the same industry.

There was a general improvement by February; but depression persisted in certain industries, and short time was being worked even in the industries most affected by Government contracts. By April the first effect of the war may be said to have ceased. The number of women in employment reached pre-war level; the contraction of employment among men had already by December been overtaken by the proportion of men enlisting. A great deal of overtime was being worked, while few were on short time.

(c) THE FIRST ADVANCES.

The form and basis of the advances that the workpeople secured varied very much. In the first period, while the attempt was still being made to maintain pre-war rates unchanged, such changes as took place were in the form of ordinary advances, taking the place of lapsed agreements, establishing new rates, or following the movement of selling-prices in accordance with a sliding scale. In 1915, when it was becoming obvious that some alteration in wages was unavoidable, the practice of giving a bonus, explicitly supplementary and designed to meet the increased cost of living, became general. Existing standard rates and agreements were, nominally at any rate, left intact.

When the Committee on Production, early in 1915, intervened in wage-settlements, it questioned representatives of the two sides on the bearing of war conditions on permanent agreements.¹ There was general agreement that the two should be considered separately, and the Committee, in making its awards, adopted the form of a bonus

¹ *e.g.*, Hearing of Manchester Engineering Trades, 19 April, 1915.

or war wage to be "recognised as due to and dependent on the existence of the abnormal conditions now prevailing in consequence of the war."

Inevitably other questions than the cost of living, questions, for example, affecting allowances for "dirty" work, overtime and methods of remuneration, came up for consideration, and the Committee was prepared to consider them, if necessary, provided that no stoppage of work took place; but the necessity was regarded as regrettable. "We do feel as a Court very strongly," said Sir Francis Hopwood from the chair on one occasion, "that questions of that sort, which rather govern the constitution and the working of trade over long periods of time, in fact the life history of trade, should, if possible, be deferred until after this grave national crisis has passed away." Mr. Arthur Henderson, the spokesman of the workpeople at the hearing, concurred.¹

Even when old agreements terminated and new agreements fell to be negotiated, there was a strong body of opinion that only temporary adjustments should be made, any change in the basic conditions of employment being deferred until after the war. This opinion was held by the Prime Minister, and was the basis of the Chief Industrial Commissioner's recommendations after his enquiry into the South Wales Coal dispute in June, 1915.

"The claim that a new wage agreement should now be settled on normal peace lines, with an attempt to dismiss from the mind the conditions of war, is, in my opinion, impracticable. Certain essential features of such an agreement would be inoperative during the war, and the possible conditions after the war, to which it is thought the new wage agreement should apply, may be quite as abnormal as the present conditions. I suggest, therefore, that the conditions both during and for some time following the war are likely to be so different from ordinary peace conditions, to which it is admitted the wage agreement is intended to apply, that any such agreement would be in practice valueless."²

That this view was not confined to official circles is shown by the speeches of Labour Members in Parliament. Mr. Anderson, for example, while pressing the Government to take action to stop the rise in the cost of living, deprecated any attempt to exploit the present difficulties. "Workpeople," he said, "are in a better position than ever they were to take advantage of the law of supply and demand for themselves if that is going to apply to the question of the price of food. I hope that neither workpeople nor employers are going to do anything of the kind."³

There was hesitation and difference of opinion as to the proper basis of such bonuses. Should the bonus be proportionate to existing rates, in which case the higher-paid worker would get the larger bonus? or proportionate to need, in which case the lower-paid worker would get

¹ Committee on Production Hearing: Bristol Channel Engineering and Shipbuilding Trades, 23 March, 1915.

² M.W. 20552.

³ *Parliamentary Debates*, 1915 (H. of C.), LXX, 1823.

the larger bonus? or should it be uniform for all workers? If it was to be uniform, should it take the form of a definite weekly sum payable to time-workers and piece workers alike? or should it take the form of a definite sum to time-workers and a percentage on earnings in the case of piece-workers? Finally, should it count as part of the ordinary wages for the purpose of calculating supplementary payments, such as overtime? Every variety was tried, and consistency had not been attained when the war ended. Thus, the settlement on the railways in February, 1915, differentiated between workers earning less and workers earning more than 30s. a week, and gave the higher bonus to the lower-paid class; the awards to the miners in May were percentage advances and therefore proportionate to earnings. In March, in the engineering trades, there were advances made in Sheffield, in Barrow, on the North East Coast; in the case of the first the skilled grades received 4s. and labourers 3s.; at Barrow the skilled men received 3s. and the labourers 4s.; on the North East Coast both received 4s. Some local authorities discriminated between married men and single men, and in at least one important branch of private employment the same was done.¹ On the whole the workpeople's representatives objected to such discrimination, on the ground that the different workers were "expending the same labour energy"; they objected also to overtime earnings being brought into account and used as an argument against advances proportionate to the increase in the cost of living. Employers' spokesmen varied, in some cases objecting to flat rate advances,² in another arguing that an advance to meet the cost of living should take no account of the differences between the rates of different grades.³ For the elimination of such local variations a national authority was needed. This was provided ultimately by the Committee on Production; but the variations persisted long after the Committee was established.

This attempt to treat the war period as a thing apart was obviously influenced by the general belief that the duration of the war would be short. Most of the early war bonuses were fixed for the duration of the war. Had it been possible systematically to keep war conditions and the normal basis of wages apart, much subsequent trouble might have been saved; but in practice many agreements were made, taking the place of lapsed agreements or establishing an entirely new basis in a trade, which took the form and were intended to have the effect of agreements made under normal conditions. A notable example was the South Wales Coalfield settlement of July, 1915, which, in spite of the Government's opposition, in effect conceded the workpeople's claim to a new agreement.⁴

Throughout the first year of the war the spirit of the industrial truce predominated. The Government hoped to stereotype the rates

¹ Committee on Production Hearing: *S. Wales Copper Works v. Dock Wharf, etc., Union*, 21 May, 1915.

² Committee on Production Hearing: *Clyde Smiths and Strikers*, 27 April, 1915.

³ Committee on Production Hearing: *Manchester Engineering Trades*, 19 April, 1915.

⁴ Vol. IV, Chap. I, Sect. 3.

obtaining when war broke out, and the trade union leaders were just as anxious to confine changes to the barest adjustment to meet the rise in the cost of living. Conditions, however, were such as to disturb the pre-existing rates of wages and the relations between rates of different classes. Owing to the action of individuals, rates and earnings tended to rise in certain industries and certain districts, and might have been forced higher, had Labour exploited its opportunities to the full; in other industries and districts, earnings fell and rates might have been depressed, had employers exercised pressure in that direction. On the whole both parties showed great restraint; the number of general changes (apart from changes under sliding scales) in the first six months was small, and any attempt on the part of Labour to exploit the country's needs was discountenanced by its leaders. The big changes that began in February, 1915, were far from compensating all workers for the rise in the cost of living. The engineering and shipbuilding trades showed a general advance of 3s. or 4s., coal-mining an average of about 15 per cent., iron and steel rather more; the equally well organised cotton industry secured no advance till June, when the spinning section secured a bonus of 5 per cent. The well-organised but less highly paid railwaymen received 3s. or 2s., transport workers at the ports usually more. In general, advances were secured where the demand for labour was greatest and was backed by organisation; in other words, wages were settled in much the same way as in peace time, by the relation of supply and demand. The same conclusion is suggested by a comparison of advances in different districts of the same trades; munitions centres showed advances long before other centres, and retained their advantage when general advances were made.

From the point of view of the subsequent problems of the Ministry of Munitions the irregularity of the advances is the most important feature of the year. Instead of a general movement of employment with a corresponding movement of wages in all industries, there were sporadic movements. Unco-ordinated individual, local and sectional advances took the place of general advances. Departures from standard rates were common, bonuses and other extra payments being made to individuals and groups to stimulate their exertions or merely to retain their labour. Even where no advances were made in the rate of remuneration, opportunities of making exceptional earnings were common on overtime or some system of payment by results.¹

The ordinary difficulties of settling wages questions were, therefore, accentuated by the time the Ministry of Munitions was established

¹ In a hearing of the Clyde Engineering and Shipbuilding Trades before the Committee on Production, on 22 March, 1915, the employers' representative stated that a comparison of average earnings between four weeks in June and four weeks in December, 1914, showed, on Government work of all classes (returns from 26 firms), an advance of 23·5 per cent., on marine engineering for warships, an advance of 26 per cent., Government and merchant work (returns from 77 firms), an advance of 20·5 per cent. Yet overtime in the whole district averaged only 7 hours per man, and there had been no advance in rates (Cf. Appendix I).

and entrusted with its limited powers of controlling wages. For the comparisons between district and district and trade and trade, and between changes in the cost of living and changes in wages, which form the staple of the pleadings on conciliation boards and before arbitration courts, could lead to no stable settlement when relations were changing as much and as frequently as in the first year of the war. The industrial truce assumed the maintenance of pre-war rates as the basis of industrial peace; the alteration in these rates, in accordance solely with changes in the supply of and demand for labour, undermined that basis.

III. Government Intervention in Wages Questions, August, 1914—July, 1915.

(a) WAGES AND LABOUR SUPPLY.

In the first year of the war the Government was reluctant to face the issues that would be involved in any policy of controlling or adjusting wages. Burdened with other responsibilities and relying on the industrial truce, it aimed, so far as possible, at maintaining pre-war wages intact. Even after considerable changes had taken place, on the eve of the establishing of the Ministry of Munitions, the view was still authoritatively held that the war bonuses conceded between February and June constituted a settlement by which the Government should stand.¹ But the problem of munitions supplies, which was leading to an ever-increasing extension of Government control of industry, was inseparably linked with the problem of wages. In the first place, the output could not be increased without either increasing or economising the supply of skilled labour, and the attempt to secure such increase and economy turned largely on questions of remuneration; in the second place, output was endangered by stoppages due to disputes over wages.

The bearing of remuneration on supply was brought out first in the relatively unimportant case of allowances to transferred workers. The protracted negotiations to which it led are recorded elsewhere;² they are important in the history of wages, not only because they constituted the first interference by the Government with the course of wages and showed that such interference was practicable, but because they are typical of the way in which Government action directed

¹ "The Committee on Production have already given nearly forty decisions on wages questions covering directly about 750,000 workpeople, and agreements and decisions on similar lines have been adopted in many other cases, the total involving in the aggregate very large additions to the wages bill. Such a process cannot be again followed without serious difficulty . . . The local leader on the Clyde has made no secret of his determination to exploit to the utmost the needs of the nation for the benefit of the members of his Union. . . . The continued increase in the prices of food and other articles seems likely to be again used as a cover for the exercise of the power which, owing to the shortage of labour, is now in the hands of many Unions." Memo. by Sir George Askwith, 1 June, 1915. (Hist. Rec./R/180/33).

² Vol. I, Part II, Chap. II; Part III, Chap. III.

to a specific and limited object was used as a precedent in support of a general claim. The Shipbuilding and Engineering Unions cited the payment of subsistence allowances to mobilisation labour when they demanded similar allowances in all cases in which labour was transferred from one district to Government work in another. The shipbuilding conferences on the Clyde and Tyne in November and at Carlisle in December, and the engineering conferences at Sheffield in December, all broke down on this point, although there were other but less important points of disagreement. In principle the demand was conceded by the War Munitions Volunteer scheme adopted by the Government on the recommendation of the National Advisory Committee in June, 1915.¹ By this scheme it was hoped to place a supply of mobile skilled labour at the disposal of the Minister of Munitions for employment wherever the exigencies of Government work required; travelling expenses and subsistence allowance were a condition both of mobility and of voluntary enlistment.

The opposition of employers was due not only to the expense involved; this might have been transferred to the Government; but rather to the reaction of allowances upon their other employees. Complaints were made that the Admiralty terms for emergency workers had an unsettling effect on the other workers, who received no allowance, and provoked demands for equivalent wage advances. The Shipbuilding Employers' Federation argued that the additional payments demanded by the unions would merely result in men changing their jobs in order to qualify for them, and thus increase costs without increasing output. The unions' case was that travelling and subsistence allowance were the established custom of the trade when men were employed away from home, and the necessary labour would be forthcoming if this custom were extended to the new cases. The institution of a special corps, subject to special obligations which marked them off from other workers, met the difficulty, since it made it possible to extend special privileges to members of the corps without provoking comparisons which would cause a general demand for these privileges. Even so, there was hesitation on the part of large employers about taking members of the corps.²

Similar problems arose over the employment of Belgian immigrant labour and imported Dominion labour. Complaints were made by the unions that Belgians were being employed at rates or on conditions inferior to those of British labour on the same or similar work. To prevent any such evil the recruitment of Belgian labour for munitions work was confined to the Labour Exchanges, and the granting of rates and conditions not inferior to those of British labour required of contractors. The introduction of Dominion labour was at first opposed by the chief armament firms on the ground that it might cause trouble with the other workers; when, subsequently, a number of Canadian engineers were introduced, the terms of employment, though including fares and a guarantee of six months' employment, included no subsistence allowance.³

¹ Vol. IV, Part I, Chap. I.

² *Ibid.*

³ Vol. I, Part II, Chap. I.

(b) THE TREASURY CONFERENCES OF MARCH, 1915.

The question of allowances was important only on the assumption, made by the trade union leaders, that there was in the country an adequate supply of skilled labour that merely needed transferring to Government work. Employers from the outset took the view that the supply would be inadequate to the need, and the Government, as represented by the Board of Trade, came to hold the same view. The problem therefore presented itself as one of economising and making the most effective use of the limited supply of skilled labour available. The problem was a problem of wages, directly, because it raised the question of the rates of less skilled workers introduced to skilled men's work and of skilled workers transferred to more responsible jobs, and also indirectly, because the rules and practices governing the allocation of work and the methods of remuneration were the principal safeguards on which the skilled worker relied for the maintenance of his standard rates. Stoppages, again, which it was essential to prevent, were due more frequently to wages disputes than to any other cause, and the frequent change of job by workmen attracted by the chance of higher wages was another failure of economy, which could be dealt with only by restricting the freedom of movement of the wage-earner or controlling wages.

The question of the rate arose as soon as the proposal to introduce labour of less skill to skilled men's work was put forward. The sanctity of the standard rate is the basis of trade union policy. At the shipbuilding conference on the Clyde on 9 November, 1914, the rates to be paid to the unskilled men whom it was proposed to introduce was one cause of difference. The problem was more important in engineering, and here the employers' federation met the unions' claim in principle. At the third conference of the Federation with the unions, convened in Sheffield on 13 January, 1915, as a result of an appeal to the two sides from the War Office to come to agreement, the employers in their proposals undertook, "That workpeople shall receive the rates of wages and work under the conditions recognised in the shop in question for the trade at which they are for the time engaged." This conference failed to reach agreement; but agreement was reached, so far as the production of shells and fuses was concerned, at a subsequent conference on 5 March, held after the two sides had met the Committee on Production separately. The rate was safeguarded more specifically by making the district practice the standard: "Where semi-skilled or female labour is employed in place of skilled labour the rates paid shall be the usual rates of the district obtaining for the operations performed." Later in the same month, at the Treasury Conference of unions concerned with the production of munitions, the question was considered again and a settlement embodied in the following formula:—

"Where the custom of a shop is changed during the war by the introduction of semi-skilled men to perform work hitherto

performed by a class of workmen of higher skill, the rates paid shall be the usual rates of the district for that class of work.

The relaxation of existing demarcation restrictions or admission of semi-skilled or female labour shall not affect adversely the rates customarily paid for the job. In cases where men who ordinarily do the work are adversely affected thereby, the necessary readjustments shall be made so that they can maintain their previous earnings."

The last sentence was inserted to safeguard the interests of skilled men who might be transferred to more responsible work which carried with it diminished opportunities of earning. The guarantee of rates contained in the first clause was intended to cover time rates, that in the second piece-rates; the words "time and piece" were, however, inserted before the word "rates" when the agreement was incorporated as Schedule (2) in the Munitions of War Act the following July.

Thus the principle that the rates of the skilled men, whose province was to be invaded by less skilled labour, should be guaranteed was formally accepted by the Government and by them imposed on employers. But the subsequent history of the control of women's wages was to show that the conferences had been very far from anticipating and providing for all the possible questions that might arise in the application of the principle. The final formula was indeed as precise as is necessary in a voluntary collective agreement that can be referred back for interpretation or amendment to the parties that adopted it; it lacked the precision and elaboration needed in a rule that is to be enforced by legal process in the courts.

A guarantee of the district rates was only one method by which the skilled workers' representatives sought to secure their constituents' position. Much more serious than any temporary departure from these rates was the menace to them in the future involved in the breaking down of the various safeguards on which the skilled man's superior rates depended. More stress was laid at the Treasury Conferences on this aspect of the question than on any other.¹ The Chairman of the Amalgamated Society of Engineers put their difficulty very clearly :—

"The most grave aspect of the case is this. What is going to happen after the termination of the war, in regard to a lot of people who will be brought into the engineering industry, who have not the necessary credentials and qualifications for the work? That is what we are concerned about. Because the introduction of unskilled and semi-skilled labour into this industry is a standing menace to the skilled. We have no desire to prevent any one rising in the social scale, but we do not think we are called upon to allow him to rise in the social scale to the detriment of the skilled workers."

¹ Verbatim Report of the Conference. (Copy in HIST. REC./R/180/17.)

At the second Treasury Conference between the Government and the Amalgamated Society of Engineers, Mr. Brownlie again devoted the first and longer portion of his speech to explaining the importance to the skilled men of the safeguards and privileges it was proposed to suspend. Mr. Button, another member of the Executive Council, put their position very plainly :—

“ . . . we represent certain interests—if you like, vested interests and a monopoly in skill which it is our duty to safeguard. . . . The job for which we are paid is to protect the interests of the operative engineer.”

Mr. Ryder, an Organising District Delegate, explained that it was the attitude of the working members that they had to consider :—

“ It is not altogether so much that we require to be convinced as our members generally . . . if we can go to our members with the present needs accurately defined, and with the safeguards accurately defined, then we can do some good and can convince our members and carry them with us. . . . ”

Another delegate reached the heart of the trouble in a question he put to Mr. Lloyd George :—

“ . . . could you see your way clear to give guarantees and assurances that, at the end of the war, semi-skilled men will be removed ? ”

The Chancellor of the Exchequer : “ That is an essential part of the bargain.”

The Delegate : “ But could you devise ways and means of eliminating the skilled knowledge which the semi-skilled men will have acquired ? ”

The Chancellor of the Exchequer : “ Well ! ”

To meet these very natural fears the Committee on Production in their interim report had recommended that employers should give a guarantee to restore pre-war conditions when the emergency was past. The same undertaking was embodied in the Shells and Fuses Agreement concluded between the Engineering Employers' Federation and the engineering skilled unions on 5 March, and an amplified version of the Committee on Production's formula was embodied in the Treasury Agreement of 19 March. Even then the Amalgamated Society of Engineers were not prepared to recommend the agreement for adoption by the unions ; they required also definite assurances that the sacrifice of their safeguards should be for the benefit of the State alone and that the responsibility for restoring the safeguards would be accepted by the Government. These assurances the Government gave them, supplementing the Treasury Agreement of 19 March by a memorandum of 25 March, putting it on record that profits on war work were to be limited, relaxation of trade practices to be restricted to war work, war work to be certified as such by the

Government, the undertaking to restore conditions to be extended by analogy to new inventions, and the influence of the Government to be used to restore pre-war conditions.

The suspension of demarcation rules was refused by the shipbuilding unions in the shipbuilding conferences, but accepted as part of the Treasury Agreement to which they were signatories. It was accepted by the engineering unions by the Shells and Fuses Agreement, subject to the condition that the making of tools and gauges and the setting up of machines should be restricted to fully skilled men of some branch of the industry. The question of methods of remuneration arose in the shipbuilding conferences, the employers urging that the additional incentive of an extension of piece-work would increase output and so compensate in part for the shortage of labour. Similarly in engineering, employers in many cases introduced or extended piece-work and bonus systems, to which much of the new war production lent itself. The Amalgamated Society of Engineers had, however, just before the war withdrawn from the agreement with the Employers' Federation recognising these methods of remuneration, and there was a general prejudice against payment by results in trades with time-work traditions, due to the fear that in the process of fixing piece-rates for varying kinds of work and bargaining with individual workmen, the employers would find opportunities of depressing standards of wages. In the Treasury Agreement no explicit reference to methods of remuneration was made; but the extension of systems of payment by results could be construed (and subsequently was construed) as falling under the head of relaxation of trade practices, essential to acceleration of output.

The Cabinet's other great object in convening the Treasury Conference, the suspension of the right to strike, had as important a bearing on wages. The trade unions recognised in principle that strikes to secure increased wages were inadmissible, but the rise in the cost of living and the difficulty in securing any corresponding adjustment of wages made it difficult for them to restrain their followers. Their difficulty was referred to by Mr. Ryder in the second Treasury Conference, and on more than one occasion by Labour Members, who were also trade union officials, in the House of Commons. It should be noted that it was an embargo on stoppages, not an embargo on advances, that Mr. Lloyd George asked for;¹ but the comparison of wages advances and actual strikes made above suggests that the one was connected with the other.

It was the more difficult for trade union leaders to restrain their members from pressing their claims by the strike, since piecemeal advances were showing the possibility of higher wages on every side.

¹ Cf. Conference, 19 March, 1915.

"Mr. Arthur Henderson: You do not want to prevent our men making an effort to get something, but you do not want them to stop work.

"The Chancellor of the Exchequer: That is it; we do not want them to stop work." HIST. REC./R/180/17.)

These piecemeal and individual advances were the inevitable outcome of attempting to prevent a general rise in the wages of a class of labour that was in keen demand when the cost of living was steadily rising. It led to an unnecessary movement on the part of workpeople and a restlessness on the part of those who did not actually move which constituted a serious obstacle to smooth working and increased output. The ill-effects of this "enticement" of labour by the offer of high wages were brought to the notice of the Board of Trade, when it undertook its canvass of employers with a view to securing the release of skilled labour for munitions in January, 1915, and they were represented very strongly to the Armaments-Output Committee by deputations from Birmingham and Manchester in April. The evil was realised by the Committee, the Chairman stating that since the previous August, of every 100 men who had gone to Elswick 35 had left, and that at three works of Messrs. Vickers the number of men leaving in April and May amounted to nearly half the number taken on.¹ A "labour turnover" of this extent was a novelty in the United Kingdom; that it was due to the breaking of the normal uniformity of rates for identical grades is suggested by a comparison with the United States, where standard district rates in engineering are almost unknown and an even greater "labour turnover" is normal.²

The development of the Government's policy in relation to the supply of skilled labour is described elsewhere.³

(c) APPOINTMENT OF THE COMMITTEE ON PRODUCTION.

Wages questions, like the other problems involved, were left in the first instance to the ordinary machinery of collective bargaining. As it became obvious that the necessary changes in trade practices would be delayed and the preservation of industrial peace would be endangered by the slow procedure of voluntary conferences, the Board of Trade in December intervened in a conciliatory capacity.

No great success attended this effort, and in January and February the Government began tentatively to consider steps, on the one hand, to conciliate labour, by allotting to the workpeople a share of the profits of manufacture for war purposes, on the other hand, to coerce labour by making striking and inciting to strikes punishable offences. The first part of this policy was announced by Lord Kitchener in the House of Lords on 15 March. Objections however were raised in private conferences by the employers concerned; it was difficult to fit in Woolwich and other Government establishments with such a scheme, and it was discovered that labour itself did not like the policy. The other part was deferred on the advice of the Chief Industrial Commissioner until a final attempt should have been made to secure a suspension of the right to strike by agreement.

¹ Armaments Output Committee Printed Minutes, pp. 5, 10.

² Cf. Boyd Fisher, *Industrial Loyalty*, 1918.

³ Vol. I, Part II.

While these measures were still under consideration on 4 February, the Committee on Production, consisting of the Chief Industrial Commissioner with a representative each of the Admiralty and the War Office, was appointed "to inquire and report forthwith, after consultation with the representatives of employers and workmen, as to the best steps to be taken to ensure that the productive power of the employees in engineering and shipbuilding establishments working for Government purposes shall be made fully available so as to meet the needs of the nation in the present emergency," and this Committee's reports shaped the policy finally adopted.

The first report, issued on 16 February, after conference with the shipbuilding unions and employers, dealt with the loss of time in shipyards due to broken squads of riveters, and recommended that the Government should call on employers and unions to agree on some method of making up broken squads, or, if they were unable to agree, to refer any outstanding differences to the Committee "for immediate and final settlement." The second report, issued on 20 February, after conference with the engineering unions and employers, dealt with the production of shells and fuses, with avoidance of stoppage of work and with guarantees that changes should be for the duration of the war only. Under the first head it pointed out the evil of any restrictive rules or customs, and recommended, first, that the Government should require its contractors to give an undertaking not to cut piece-rates unless methods of production were materially changed, and, secondly, that an increased use should be made of female labour. Without further intervention on the part of the Government the employers' federation and the unions were able to give effect to these recommendations in the Shells and Fuses Agreement of 5 March. Under the second heading, they recommended that the Government should ask the adhesion of its contractors and the trade unions to an undertaking to refrain from stoppages in Government work and to refer any differences that could not be settled to an impartial tribunal to be nominated by the Government. The Government at once acted on this recommendation, and nominated the Committee on Production itself to act as the impartial tribunal; thus the Committee was placed in a position that was subsequently to make it the chief influence in controlling wages in the country as a whole. Under the third head the report suggested a form of guarantee, to be signed by all Government contractors, safeguarding the unions against any permanent sacrifice of the control they were able to exercise over wages by their rules and practices, and again recommended that any difference in the adjustment of changes under this guarantee should be referred for settlement to the impartial tribunal. The third report, issued on 4 March, recommended the suspension of all demarcation restrictions, subject to certain safeguards, the chief of which were the maintenance of the rate for the job, the keeping of a record of all changes, and the guarantee of restoration after the war; and the utilisation of semi-skilled and unskilled labour on work normally done by skilled men, subject to the guarantee of restoration recommended in the second report. In cases of disagreement the matter

was to be referred for settlement in the case of the suspension of demarcation restrictions to the Board of Trade, in the case of the utilisation of semi-skilled and unskilled labour to the impartial tribunal recommended in the second report. The fourth report, which was not published, pointed out the necessity, if labour was to be induced to sacrifice the practices by which it exercised its control over wages, of limiting the profits of the employers for whom they worked; it thus foreshadowed the "bargain" concluded in the Treasury Agreements of 19 and 25 March, 1915, and embodied in the Munitions of War Act the following July. On 1 March the Committee issued its first award as an arbitration court; the award was a national award, in settlement of a difference between the Boilermakers' and Shipwrights' Societies on the one hand and the Shipbuilding Employers' Federation on the other, and granted 4s. a week (or 1*d.* an hour) to time-workers and 10 per cent. to piece-workers, "to be regarded as war wages and recognised as due to and dependent on the abnormal conditions now prevailing in consequence of the war." The unions had claimed 6s.

The policy of the Committee was to rely on the moral authority of an appeal from the Government in time of war. This authority had enabled them to settle the Clyde strike at the end of February, and was still preferred to statutory powers. The reports did little to elaborate the terms on which the suspension of the various safeguards to wages should be effected and adjustments of wages made to meet the changing economic conditions. This they left to be settled by collective bargaining in the ordinary way, with reference to the Chief Industrial Commissioner or to the Committee itself in the last resort in place of the strike or lock-out. The problem was regarded as a temporary problem, to be dealt with by temporary arrangements, the permanent requirements of both sides being safeguarded by the guarantee that no temporary arrangement should prejudice a return to the *status quo*. No attempt was made to state principles in accordance with which trade practices should be modified and wages adjusted, doubtless because the duration of the war was not expected to be so long that permanent changes would be necessary; empirical adjustments by the parties concerned, or if they failed to agree, by an arbitrator, would, it was thought, meet all needs. At the same time a term would be put to the tedious and annoying negotiations that had been the rule before the Government intervened, and the strikes and lock-outs that in normal times put a term to such negotiations would be prevented. The recommendations amounted to a procedure rather than a policy.

The Treasury Conference was convened on 17 March to secure the explicit consent of the unions to this procedure. The Chancellor of the Exchequer appealed to the unions to forgo their right to strike and to suspend all practices restrictive of output, and promised to limit the profit of the employers. The conference did something, as is indicated above, to elaborate principles which should govern wages adjustments as a result of dilution; in the main, however, the

agreement reached relied on reference to arbitration to settle any question that might arise and on the guarantee of restoration of pre-war conditions to safeguard the permanent position of the skilled worker. The miners' and cotton unions refused to agree to suspend their ordinary procedure in favour of the proposed procedure for avoiding stoppages; but their abstention was due, not to any intention of exploiting the strike weapon, but solely to faith in the efficacy of the existing conciliation machinery, and an undertaking was given in each case to settle disputes without stoppages.

IV. Conclusion.

Thus in the first year of the war wages questions continually demanded the attention of the Government and led to action by the Government. But the problem that led to this action was conceived as the problem of labour supply and was never approached as a wages question. No attempt was made to devise a consistent policy of wages control. The Government stated its needs, and left it to the employers and trade unions to devise in negotiation with each other solutions of the wages questions involved in satisfying those needs. When it was forced to intervene, its interference was confined to substituting reference to arbitration for the strike, and to carrying through with the unions the negotiations over restrictive practices which employers had initiated and failed to carry through. When the Ministry of Munitions was established, it was still generally assumed that wages and wage questions could be left to the ordinary machinery of collective bargaining, working on the basis of pre-war rates. The Board of Trade, like the Ministry of Munitions subsequently, was reluctant to add the control of wages to its other duties until forced to do so. It might almost be said that the Government and the unions were at cross purposes, the former seeking to confine attention to output, the latter to the protection of wages.

The policy of piecemeal adjustments made the task of labour regulation, which the Ministry of Munitions was about to take up, much more difficult than it would have been, had the changes in wages in the first year of the war been controlled in accordance with some definite principles. As has been shown, the system of rates, which it was sought to adjust by arbitration, was seriously dislocated long before the machinery of arbitration was complete. The normal relations between the wages of different classes and grades of workers in the same industry, between different industries and between different districts had been altered and the new relations had neither authority nor stability.¹

The practice of employers—and of the employing Departments of the Government itself—of inducing skilled workmen to leave their places by offering higher rates or opportunities of earning higher wages, which did perhaps more than anything else to break the standard

¹ For illustrations of the divergence of earnings in the first fifteen months of the war, see Appendix I.

rates, could be dealt with only by preserving uniformity of rates or by prohibiting the free movement of labour. The Board of Trade was reluctant to adopt the second course, and made no attempt to preserve the former condition. An attempt to prevent unnecessary movement was made by Regulation 8B of the Defence of the Realm Act on 29 April;¹ but it failed, the regulation remaining unused until it was revived in connection with an attempt to secure a more economical distribution of skilled men in 1918; a direct limitation of the worker's freedom to sell his labour in the best market was embodied in Section 7 of the Munitions of War Act.

The ordinary machinery of collective bargaining, on which it was intended to rely, was thrown out of gear and with important sections of the workers discredited. It had been found too slow in its operation to meet the needs of a period of rapid economic change, and it had been proved to depend for its effectiveness on the right to strike or lock-out, which was now suspended. It was ill-adapted to rapid change, because the system of reference from one conference to another, which increased the chances of peaceful settlement in normal times, took so long that the necessary adjustments could not be completed before further changes, requiring further adjustments, had occurred; it depended on the strike or lock-out, because negotiations might be prolonged and concessions refused indefinitely, if the fear of a stoppage in the last resort was not there to precipitate a settlement.

The failure of this machinery to preserve industrial peace was not yet apparent when the Ministry was formed; but it was obviously subjected to a serious strain by the continuous rise in the cost of living and the evidence of high profits. The Munitions of War Act carried out the Government's pledge, given at the Treasury Conferences, to limit profits; but the limitation of the profits of firms making munitions did nothing to check the rise in prices and corresponding inflation of profits in the trades supplying the needs of the ordinary wage-earner. The alleged "profiteering," from which the wage-earner suffered, and the "profiteering," which the suspension of his trade practices and union regulations would facilitate, were indeed independent issues confused in popular discussions. The Treasury Agreement and Munitions of War Act dealt with the latter, but did nothing to check the former. The Government's control of profits therefore failed to dispel industrial unrest, and was of use only as giving the Government a moral right to insist on the suspension of restrictive practices.

The Treasury Agreement had not the effect that was hoped. It was necessary to embody it in the Munitions of War Act, which gave statutory force to its terms. While the leaders of the trade unions, with whom alone the Government could get into direct contact, needed no convincing of the evil of strikes and were persuaded of the necessity of suspending restrictive practices, the rank and file, on whom the carrying out of the bargain really depended, were not convinced. As always, they reacted instinctively against the threat to their standard

¹ Vol. I, Part III, Chap. V.

rates ; and the threat was serious, when they were asked at one and the same time to agree to a suspension of the principal safeguards and the disuse of the strike weapon. Even if there had not been this instinctive opposition, the continuous rise in the cost of living would have made general agreement difficult to secure. State control of wages was foreshadowed in the attempt to place restrictions on the movement of labour after higher wages, in the suspension of the right to strike, and in the beginning of the practice of national war advances awarded by a national arbitration authority. The implications of State control of wages were also foreshadowed in the suggestion put forward by the trade union spokesmen at several hearings of the Committee on Production that the Government should use its "control" over ship-building or engineering works to compensate employers for the cost of wages advances which their contracts would not otherwise enable them to bear.

CHAPTER II.

THE MINISTRY'S POWERS OF WAGE REGULATION.

I. Powers under the Munitions of War Act, 1915.

At the outset, the Ministry of Munitions was entrusted with very limited powers of wages control. The negotiations that preceded its establishment and led to the grant of its large powers of controlling the movement and regulating the labour of workpeople were, as has been shown, concerned very materially with wages, and the Treasury Agreement, on which the first Munitions of War Act was based, was in effect a bargain in which the protection of wages was a principal factor. But the Act placed on the Ministry no obligation and gave it no power to afford this protection.

The parts of the Act affecting wages are Part I with Schedule I, limiting the right to strike or lock-out in munitions industries and laying down procedure for the settlement of differences; Section 4 (2), requiring the consent of the Minister of Munitions to changes in wages and salaries in controlled establishments; Schedule II giving statutory force to the provisions of the Treasury Agreement about changes in practice and rates of wages; and also indirectly, Section 4 (5), which made works regulations for the ordering of work under certain conditions binding, and Sections 7 and 10, which limited the free movement of work-people in pursuit of higher wages.

(a) PART I.

Part I enacted that a difference which was not settled by the parties themselves might be referred by either party to the Board of Trade. The Board should take such steps as seemed expedient to promote a settlement; if suitable means existed under any agreement, the Board might refer the difference for settlement in accordance with these, or they might refer it to arbitration according to the provisions of the first schedule. This schedule provided three alternatives; the Committee on Production, a single arbitrator agreed on by the parties or appointed by the Board of Trade, and a special court consisting of an equal number of representatives of employers and work-people with a chairman appointed by the Board. The award on any such settlement would be binding on both parties; it might be retrospective; a contravention of it would be an offence under the Act. Strikes and lock-outs were made illegal, unless the difference should have been reported and twenty-one days have elapsed without

the Board of Trade referring it for settlement. The differences to which this part of the Act applied were defined as—

“differences as to rates of wages, hours of work or otherwise as to terms or conditions of or affecting employment on the manufacture or repair of arms, ammunition, ships, vehicles, aircraft, or any other articles required for use in war, or of the metals, machines or tools required for that manufacture or repair,”

but the provisions might be extended by Proclamation to differences in other industries “on the ground that in the opinion of His Majesty the existence or continuance of the difference is directly or indirectly prejudicial to the manufacture, transport or supply of Munitions of War.” This general power of extending the Act was, however, limited by the provision that no proclamation should be made in the case of any industry in which the Minister was satisfied that effective means already existed to secure a settlement without stoppage, a provision inserted in accordance with an undertaking to the miners’ and cotton operatives’ unions to exclude them from the scope of compulsory arbitration.

Part I thus embodied the policy of relying on the ordinary arrangements for collective bargaining to settle all wages questions, with the substitution of arbitration for the strike or lock-out. Even arbitration was deferred until every other resource was exhausted; the Board of Trade was not bound to refer to arbitration, a provision intended to safeguard the Government against collusive action between employers and employed; and the extension of the Act by Proclamation outside the defined field of munition industries was limited to industries in which adequate voluntary agreements for securing a settlement did not exist. Thus, formally, at any rate, the responsibility for adjusting wages to changing conditions was left with the unions and employers’ associations, and the desire of the miners’ and cotton operatives’ unions to be excluded from the scope of compulsory arbitration was respected.

The powers of the Ministry of Munitions were limited to “reporting” differences. Since the control of munitions production rested with the Department, and the responsibility for carrying out the Government’s pledges to the unions was naturally placed by the unions on its shoulders, this restriction was unfortunate; the Ministry’s officers inevitably came into contact with the differences first and were appealed to in connection with differences. The principle of the Act was, however, to disturb the ordinary provision for dealing with disputes as little as possible, and it was consistent with this principle to leave the administrative responsibility for arranging reference to arbitration to the Department which was already charged with conciliation and arbitration under the Act of 1896.

The independence of the arbitrating authorities followed from the same principle. There was no question as yet of fixing wages by administrative order; the arbitrators, if they were to serve their purpose and make stoppages unnecessary, must be independent of departmental control.

(b) THE SANCTION OF CHANGES IN WAGES IN
CONTROLLED ESTABLISHMENTS.

Section 4 (2) read as follows :—

“ Any proposal for any change in the rate of wages, salary or other emoluments of any class of persons employed in the establishment or of any persons engaged in the management or the direction of the establishment (other than a change for giving effect to any Government conditions as to fair wages or to any agreement between the owner of the establishment and the workmen which was made before the twenty-third day of June, nineteen hundred and fifteen), shall be submitted to the Minister of Munitions who may withhold his consent within fourteen days of the date of submission :

“ Provided that if the Minister of Munitions so directs, or if the Minister's consent is withheld, and the persons proposing the change so require, the matter shall be referred for settlement in accordance with the provisions of the First Schedule to this Act, and the consent of the arbitration tribunal, if given, shall in that case have the same effect as the consent of the Minister of Munitions.

“ If the owner of the establishment or any contractor or sub-contractor employing labour therein makes any such change, or attempts to make any such change without submitting the proposal for the change to the Minister of Munitions or when the consent of the Minister has been withheld, he shall be guilty of an offence under this Act.”

It was the only section of the Act giving to the Ministry definite administrative powers of controlling wages and was drafted in terms that might seem to give the Ministry complete control of wages. The Ministry's powers were actually very limited. In the first place they were confined to controlled establishments, a limited class covering at first no trade or industry as a whole. Hence the Ministry's powers did not extend to the control of changes in standard rates and in practice could not be exercised without running the danger of creating disparities between the wages of workpeople in controlled establishments and others of the same class in other establishments. The exemption from any need of sanction of “ a change for giving effect to any Government condition as to fair wages ” limited the Ministry's action in the same way. The Fair Wages Clause in Government contracts required controlled establishments to “ pay rates of wages and observe hours of labour not less favourable than those commonly recognised by employers and trade societies . . . in the trade in the district where the work is carried on.” A change in the district rate by agreement between employers or unions or by an arbitration award would effect a change in wages in a controlled establishment without any sanction from the Ministry. In the second place, there was an appeal possible from the Ministry's decision to arbitration in accordance with the provisions of the First Schedule of the Act ;

the Ministry's decisions were always therefore liable to be upset by an authority independent of it. In the third place, although it was early realised that the control would be ineffective if it did not include the sanctioning of all changes in piece-rates,¹ it proved impracticable to require employers to submit all such changes.

The object of the Section was indeed much more limited. Mr. Lloyd George pointed out in addressing the first Treasury Conference that with the limitation of profits there would be a danger of collusion between employers and workpeople; this Section, it was explained in the debates on the Munitions of War Bill in the House of Commons, was intended to enable the Minister to prevent such collusion and to protect the tax-payer. While this was the object with which the clause was inserted in the Act, it was of course capable of other uses, and on 15 September, 1915, an announcement was made through the press that the Minister would use the powers conferred by it in order to prevent the reduction of piece-rates as a consequence of the increase of output due to suspension of restrictive practices.²

(c) SCHEDULE II.

Schedule II embodied the terms on which at the two Treasury Conferences the trade union representatives had agreed to recommend to their members the suspension of all restrictive practices.³ The only change from the formula embodied in the Treasury Agreement was the insertion in the fourth paragraph, which guaranteed rates in cases in which semi-skilled men were introduced to perform work hitherto done by skilled men, of the words "time and piece" before "rates." By Section 4 (4) of the Act itself the owner of a controlled establishment was deemed to have entered into an undertaking to carry out the provisions of this Schedule, rendering himself liable to a penalty (under Section 14 (1)) of £50 for any breach of the undertaking. The enforcement of the provisions in the Schedule was, however, left to private initiative; the question whether any particular rule or practice was restrictive was to be settled (under Section 4 (3)) by the Board of Trade or referred by them for arbitration like any other difference, while it was left to aggrieved workpeople and their representatives to detect and establish before a munitions tribunal any breach of the undertaking by an employer. It was expected that the principles set out in the Schedule would be applied by agreement between employers and trade unions locally; but the opposition to dilution among branch executives and the rank and file of the workers that had signed the Treasury Agreement was too strong to permit such agreement, until pressure was brought to bear by local Dilution Commissions. Without going to the extent of a prosecution, the Ministry could receive complaints and forward them to firms in the same way as breaches of the Fair Wages Clause were dealt with. Such complaints came in large numbers through the National Advisory Committee appointed after the Treasury Conference.

¹ C.R./2339, 2 September, 1915. ² See below, p. 125. ³ See above, p. 19.

(d) WORKS REGULATIONS.

Section 4 (5) is a clause making binding any regulations with respect to the general ordering of work applied to a controlled establishment by the Minister of Munitions. It had a bearing upon the regulation of wages inasmuch as "due observance of the rules of the establishment" was one of the objects, and rules might be made governing the method of remuneration, penalising bad time-keeping and requiring work-people to work overtime. Such provisions were included in the code of rules drawn up for its members by the Engineering Employers' Federation,¹ which required work-people to work "on piece-work or the premium bonus system, as and when required by the Company, time rates in the case of piece-work being guaranteed." The prejudice against payment by results was not overcome by this simple device; it was decided that where men had been employed time-rate and the employer without their consent proposed to pay piece-rate, an order to work piece-rate was not a "lawful order" and disobedience was not punishable,² and the extension of payment by results was still the subject of controversy when the Ministry's operations ceased. In any case the final authority in deciding what rules should be enforced was left by the Minister's regulations not with the employer or even the Ministry, but with a local munitions tribunal; the Minister's regulations of 14 July, 1915, instructing owners of controlled establishments to post rules and work-people to comply with them, provided "that no person shall be liable to a penalty under the Act for failing or refusing to comply with any rule, if the Munitions Tribunal is satisfied that the rule is an unreasonable one, or that the person had just cause for his failure or refusal to comply with it." Experience soon proved that only the Ministry's model rules could be enforced, and these contained no provision of the sort indicated.³

(e) LEAVING CERTIFICATES AND POWER OF EMBARGO.

Section 7, like Section 4 (5) affected wages only incidentally, but its influence was much greater. It was as follows:—

- (1) A person shall not give employment to a workman who has within the last previous six weeks or such other period as may be provided by order of the Minister of Munitions as respects any class of establishment, been employed on or in connexion with munitions work in any establishment of a class to which the provisions of this Section are applied by order of the Minister of Munitions, unless he holds a certificate from the employer by whom he was last so employed that he left work with the consent of his employer or a certificate from the munitions tribunal that the consent has been unreasonably withheld.

¹ Vol. IV, Part II, Appendix I.

² National Projectile Factory v. Fagan. M.A.R., p. 75.

³ Cf. Vol. IV, Part II, Chap. I, Section 9.

- (2) If any workman or his trade union representative complains to a munitions tribunal in accordance with rules made with respect to those tribunals that the consent of an employer had been unreasonably withheld that tribunal may, after examining into the case, if they think fit, grant a certificate which shall, for the purposes of this Section, have the same effect as a certificate from the employer.
- (3) If any person gives employment in contravention of the provisions of this Section, he shall be guilty of an offence under this Act.

The order, applying it, defined the establishments to which it should apply as:—

“ Any establishment being a Factory or Workshop, the business carried on in which consists wholly or mainly in engineering, shipbuilding, or the production of arms, ammunition or explosives, or the substances required for the production thereof.”

This definition differed from that of “ Munitions Work ” adopted in the First Part of the Act, being taken from Regulation 8B, made on 29 April, under the Defence of the Realm Act, with the same object as Section 7 of the Munitions of War Act. Hence its scope was different both from the provisions of Part I, and of the regulations governing controlled establishments, yet the categories of workers affected were largely the same and the decision in any doubtful case could be made only by reference to a munitions tribunal.

The object of Section 7 was disciplinary.¹

It was pointed out by Mr. Pringle that its effect would be to limit wages. “ The workman in this country,” he said, “ is to be the only man who cannot sell the only commodity he has, namely, his labour, in the open market.”² But it was the obstacle to output offered by the frequent movement of workers, not its indirect effect in forcing up wages, that employers impressed upon the Government and the latter sought to remove. Like the prohibition of strikes, it was part of a policy of removing obstacles to output; taken with that prohibition, it also deprived workpeople of the normal means of protecting wages and securing advances. The trade unions urged and the Government subsequently admitted that these restrictions placed a corresponding obligation on the Department to safeguard wages, at any rate the wages of women munition workers. The disciplinary effect of

¹ Mr. Lloyd George:—“ The third thing is the prevention of the practice which has done more to destroy discipline in the yards than almost anything—that is the practice of employers in pilfering each others’ men. It is absolutely impossible to obtain any discipline or control over men if a man who may be either slack or disobedient to a reasonable order is able to walk out at the moment, go to the works which are only five or ten minutes off, and be welcomed with open arms without any question being asked.” *Parliamentary Debates*, 1915 (H. of C.), LXXII, 1199.

² *Parliamentary Debates*, 1915 (H. of C.), LXXII, 1230.

the restriction, however, was the cause of its unpopularity at first. It was only as the cost of living rose and a marked divergence appeared between earnings on time-work and earnings on the system of payment by results that the inability to move was felt as a serious hardship. By the summer of 1917 employers were complaining of "poaching" of labour in spite of the leaving certificate,¹ and feared that if the leaving certificate were abolished it would be impossible to prevent a big movement of skilled time-workers to less skilled piece-work; and the Department found itself compelled to ask for power to regulate time-workers' wages before it could relinquish the leaving certificate provision.

Section 10 attacked the same problem, the obstacle to output offered by the frequent movement of labour, from the other side, by enabling the Minister to impose restrictions on the employers' freedom to engage labour. It amended, by adding the words, printed in italics, paragraph (d) of Section 1 (1) of the Defence of the Realm (Amendment) No. 2 Act (March, 1915), and ran as follows:—

"(d) to regulate or restrict the carrying on of any work in any factory, workshop, or other premises, or the engagement or employment of any workman or all or any class of workmen therein, or to remove the plant therefrom with a view to maintaining or increasing the production of munitions in other factories, workshops, or premises, or to regulate and control the supply of metals and materials that may be required for any article for use in war."

This section represented an earlier policy than Section 7,² an attempt to stop the poaching of labour by dealing with the poacher. It had not proved practicable to pursue it, and no use was made of the power until Section 7 was repealed. Even then it was applied to an object different from that of its original intention, being used to enable the Department to "ration" skilled labour. But the Minister had relied on it, when deciding to relinquish Section 7, to enable him to prevent poaching of labour;³ its unpopularity with labour proved as great as that of Section 7, and for the same reasons. By limiting the workman's freedom of movement, it limited his power to secure better terms of employment; as a trade unionist put it, it substituted a "starting certificate" for a leaving certificate.

(f) THE FAIR WAGES CLAUSE.

In addition to its limited statutory powers the Ministry exercised some control of wages through its administration of the Fair Wages Clause. The powers of wages control taken by the Minister of Munitions were indeed so limited in the first instance, because it was thought

¹ Employers' Advisory Committee Minutes. (L.R. 5581).

² Vol. I, Part II, Chap. III.

³ Employers' Advisory Committee. Report of Meeting, 17 July, 1917. (L.R. 5581).

that all necessary adjustments could be left to ordinary collective bargaining, and the Government need in the main intervene only to enforce the carrying out of the terms so reached. The Fair Wages Clause, inserted under a resolution of the House of Commons in all public contracts, ran as follows:—

“ The contractor shall in the execution of this contract observe and fulfil the obligations upon contractors specified in the Resolution passed by the House of Commons on the 10th March, 1909, namely, the contractor shall pay rates of wages and observe hours of labour not less favourable than those commonly recognised by employers and trade societies (or in the absence of such recognised wages and hours, those which in practice prevail among good employers) in the trade in the district where the work is carried out. Where there are no such wages and hours recognised or prevailing in the district, those recognised or prevailing in the nearest district in which the general industrial circumstances are similar shall be adopted. Further, the conditions of employment generally accepted in the district in the trade concerned shall be taken into account in considering how far the terms of the Fair Wages Clause are being observed. The contractor shall be prohibited from transferring or assigning directly or indirectly to any person or persons whatever any portion of his contract without the written permission of the Department. Sub-letting other than that which may be customary in the trade concerned shall be prohibited. The contractor shall be responsible for the observance of the Fair Wages Clause by the sub-contractor.”

In normal times, it relieved Government Departments of the difficult task of deciding what were fair terms of employment and settled the relations of the Government to terms of employment by a method which the trade unions had themselves devised. In the abnormal conditions of the war it was no longer an adequate method, for two reasons. In the first place, the sanction by which a Department compelled a contractor to observe the conditions of the clause was inapplicable; that was to exclude him from further contracts, an impracticable procedure when the Government could not get on any terms the full amount of supplies that it wanted. In the second place; the clause assumed stable and easily ascertainable terms of employment, and sufficient organisation on the part of the work-people concerned to secure attention to any failure to observe the clause. These conditions did not apply to much of the work given out by the Ministry of Munitions: the work itself was novel, or was undertaken by firms and districts to which it was new, or by methods which were new, and the workers were in a large proportion women, who were not organised in any numbers and were in many cases new to industrial employment of any kind. While, therefore, the Fair Wages Clause played an important part in determining the relations of the Department with wages, specially the wages of the skilled grades, it did not prevent a demand for more direct and extensive control of wages.

(g) SUMMARY.

A survey of the wages provision of the first Munitions of War Act therefore shows clearly that the control of wages was no part of the policy which led to the establishment of the Ministry. Wages, in war as in peace, were to be adjusted by the employers and workpeople directly concerned. Arbitration was substituted for the strike as the ultimate resort in cases of difference, and certain conditions, settled once for all at the Treasury Conferences, were to be observed in return for the trade unions' undertaking to suspend all practices restrictive of output. Neither in the Act itself nor in the memoranda on which it was based are there any signs of the revolution in the attitude of the State towards the problem of fixing wages which the war was to bring about. Consistent with this is the slight administrative provision made for handling wages questions. In a review of the work of the Secretariat in regard to labour dated 14 September, 1915,¹ beyond a bare mention that control of controlled establishments includes control of wages and a reference to the administration of the Fair Wages Clauses, wages questions are not mentioned. In a report of the Labour Department, three months later (2 December)² the inevitable growth of work in connexion with wages is indicated. A large number of wages questions had been dealt with mainly under three heads, the Fair Wages Clause, Section 4 (2) of the Act, and by way of interpreting the recommendations of the Minister as to the remuneration of workers replacing skilled men under dilution. But in November, 1915, it was still thought that wages questions would not occupy the full time of more than a single official. Wages questions were incidental; the control of wages was neither sought nor desired; the policy of the Government was to interfere as little as possible with pre-existing methods of settling wages. Even when the Ministry found itself entangled in wages questions, the policy was to rely so far as possible on suggestions and recommendations rather than orders, and to proceed by the method of diplomacy rather than administration.

II. The Munitions of War (Amendment) Act, 1916.

(a) THE CENTRAL MUNITIONS LABOUR SUPPLY COMMITTEE.

The necessity of taking powers to control wages by Order arose from the policy of dilution. The Treasury Agreement nominally ensured the co-operation of organised labour in any measures that might prove necessary to increase the output of munitions, but in practice, as is shown elsewhere, the Agreement failed.³ Nor was it sufficient to embody the Agreement in the first Munitions Act, thus making all restrictive practices illegal. Opposition to the substitution of women's and unskilled male labour for skilled men continued; the shortage of skilled

¹ D.M.R.S./153; HIST. REC./R/300/24.

² D.M.R.S. 259.

³ Vol. I, Part II, Chap. IV.

men became more urgent as the programme of national factories developed and the demands of the combatant forces grew ; and the appeal made by the National Advisory Committee, appointed under the Treasury Agreement to advise and assist the Government in carrying out its terms, for volunteers under the war munition volunteers' scheme had definitely failed to meet the needs of the situation by September, 1915. The Department, therefore, was forced to give more detailed consideration to the possibility of economising skilled labour by means of dilution.

In the middle of September, after consulting the National Advisory Committee and the adjudicators who had advised on transfer under the war munitions volunteers' scheme, the Minister appointed the Central Munitions Labour Supply Committee to advise and assist the Department on the dilution and transfer of skilled labour. The chief work of this Committee was to lay down the principles on which women munition workers should be paid ; a full account of its work is therefore given in connexion with the history of the control of women's wages.¹ Its function was to promote dilution ; its interference with wages was unexpected. The composition of the Committee, however, with its large representation of trade unions, explains the direction of its activities. As in the negotiations that culminated in the Treasury Conferences, an appeal by the Government for increased output was translated into a treaty for the protection of wages. The Committee realised that the root of the opposition to dilution lay in the threat to wages inherent in dilution. One of its first acts was to appoint a sub-committee to draw up terms on which substituted labour should be employed, and the recommendations drafted by this sub-committee formed the basis of the Ministry's control of wages.

The Committee met for the first time on 22 September. The Sub-committee on wages two days later drafted a statement concerning the remuneration of women over 18 on men's work ; this they elaborated in a series of regulations, which, slightly modified, were subsequently issued by the Ministry as Circular L.2.² On 1 October, the Sub-committee also drew up regulations to govern the employment and remuneration of unskilled and semi-skilled men on skilled jobs ; these similarly became Circular L.3. The two series of draft regulations were forwarded to the Minister on 4 October. Later the Committee drew up regulations for the employment and remuneration of women on munitions on which they did not take the place of men. In forwarding these to the Minister as Chairman of the Committee, Mr. Henderson admitted that the employment of these workers was less directly connected with the problem of dilution ; but urged that experience showed some such statement to be necessary if the employment of women on a large scale was to be effected.³

On receipt of the two first proposals of the Committee, Dr. Addison pointed out for the Minister that he had no power to promulgate

¹ Vol. V, Part II. See also Vol. IV, Part I, Chap. IV.

² Vol. V, Part II, Chap. II.

³ Vol. V, Part II, Chap. V.

binding regulations on these matters except in national factories. He proposed to circulate the recommendations for comment to the organisations of the parties concerned, and provisionally accepted them for the establishments directly under the Ministry. The Committee, however, pressed for the immediate issue of the regulations, on the ground that the progress of dilution was held up by the question of wages, and on 18 October the Ministry agreed to issue them as recommendations, with certain minor amendments, to which the Committee agreed, the chief of which were the substitution of the Minister for the Committee as the authority to interpret the recommendations and the making of the rates definite instead of minima.

(b) THE DEMAND FOR CONTROL BY ORDER.

The issue of recommendations by the Minister was an important change of policy. The mere fact that the Central Munitions Labour Supply Committee found it necessary as their first task to draw up wages regulations pointed to the inadequacy of the Treasury Agreement as a settlement of the wages problem involved in dilution; the issue of them by the Minister led inevitably to statutory control of wages.

In the first place, the issue of authoritative recommendations was a breach of the principle that all questions arising out of the Treasury Agreement should be settled by an independent arbitrating authority; the Chief Industrial Commissioner complained that the Circular L.2 was constantly quoted in arbitration proceedings. The position, then, that wages questions could be left to collective bargaining, as in normal times, was undermined. In the second place, the chief trade unions concerned with dilution demanded that the circulars should be made binding as a condition of their support to the policy of dilution, and it was difficult for the Ministry, after committing itself to the rates and conditions contained in the circulars by recommending them, to refuse to make them binding. This demand was made by the Executive Council of the Amalgamated Society of Engineers, whom the Committee met to discuss the circular on 27 October. They were persuaded for the moment to accept as a compromise the suggestion that their co-operation in dilution should be asked only where employers undertook to observe the recommendations contained in the circulars, and the principal other unions accepted the same compromise two days later; but the demand for compulsion was renewed when an amending Bill was brought forward.

As is explained elsewhere, an amending Act for other purposes was decided on at the end of September.¹ The draft was submitted to the National Advisory Committee for comment on 11 November. The National Advisory Committee considered the draft in detail and then urged the inclusion of a number of new clauses, including the provision for remedying the grievances of the worker under the existing operation of the leaving certificate rule and provision for taking power to establish

¹ Vol. IV, Part II, Chap. III.

standard rates for women in controlled establishments. Further, the Committee, at a joint meeting with the Council of the Federation of Engineering and Shipbuilding Trades and members of the Amalgamated Society of Engineers and the Boilermakers, decided to convene a conference on the Amendment Bill. At this conference, held in the Central Hall, Westminster, on 30 November, and attended by representatives of 55 unions, amendments under the same heads were urged, the proposal under the head of wages being that the Minister should take powers to enforce minimum rates and conditions for all women engaged on munitions work to which the leaving certificate Section of the Act applied.

(c) PROVISIONS FOR CONTROL BY ORDER.

The Amending Bill, when presented in Parliament on 9 December, conceded this wider demand. In a draft clause submitted to the National Advisory Committee on 17 November, the power to regulate wages by Order was limited to the case of "female labour introduced to perform work which before the war was ordinarily performed by male labour"; the clause in the Bill extended the power to all female munition workers subject to the leaving certificate regulations. Thus it empowered the Minister to enforce regulations such as those drafted by the Central Munitions Labour Supply Committee, governing the remuneration of women who were not replacing men, and Dr. Addison, in moving the second reading of the Bill, used the argument that the restriction on their freedom imposed by Section 7 of the principal Act entitled them to this protection.

To meet the difficulty that the fixing of wages by Order was inconsistent with the settlement of wages questions by arbitration under Part I of the principal Act, the Government added a clause in Committee, empowering the Minister to constitute a special arbitration tribunal to arbitrate on differences reported under Part I of the principal Act, which related to the employment of women whose wages and conditions were subject to the Minister's directions, and to advise him as to what directions he should give.¹

The principle of wages control by Order received a further extension before the Amending Bill became law. At a conference held on 30 December the Amalgamated Society of Engineers resolved to withhold its support to the dilution scheme, unless all the amendments it had urged at the conference on 30 November were embodied in the Bill, and instructed a deputation to lay this decision before the Prime Minister and Minister of Munitions. The deputation was received the next day.² After a long discussion, the representatives of the Government agreed to take powers to make Circular L.3 as well as L.2 binding, on condition that the concession put a term to the Amalgamated Society of Engineers' demands and really secured its co-operation in giving effect to the policy of dilution. The deputation passed a resolution to this effect, which the

¹ M.W. 58604/95.

² Vol. IV, Part I, Chap. IV.

Chairman and Secretary of the society signed. The Bill was recommitted on 4 January, 1916, and a clause introduced giving the Minister the power to carry out his part of the undertaking. The clause relating to the special arbitration tribunal was also amended to enable the Minister to appoint a second tribunal to perform the same office in relation to male substitution as the tribunal already proposed would perform in relation to female substitution. The provisions, therefore, in the Bill as it was finally passed empowering the Minister to regulate wages by Order, were as follows :—

6.—(1) Where female workers are employed on or in connection with munitions work in any establishment of a class to which the provisions of section seven of the principal Act as amended by this Act are for the time being applied by an order, made thereunder, the Minister of Munitions shall have power by order to give directions as to the rate of wages or (subject so far as the matter is one which is dealt with by the Factory and Workshops Acts, 1901 to 1911, to the concurrence of the Secretary of State) as to hours of labour or conditions of employment of the female workers so employed.

(2) Any directions given by the Minister of Munitions under this section shall be binding on the owner of the establishment and any contractor or sub-contractor employing labour therein and the female workers to whom the directions relate, and any contravention thereof or non-compliance therewith shall be punishable in like manner as if the order in which the direction is contained was an award made in settlement of a difference under Part I of the principal Act.

(3) No direction given under this section shall be deemed to relieve the occupier of any factory or workshop from the obligation to comply with the provisions of the Factory and Workshops Acts, 1901 to 1911, or of any orders or regulations made thereunder, or to affect the liability of any person to be proceeded against for an offence under the Employment of Children Act, 1903, so, however, that no person be twice punished for the same offence.

7. The Minister of Munitions shall have power by order to give directions as to the rate of wages, hours of labour, or conditions of employment of semi-skilled and unskilled men employed in any controlled establishment on munitions work, being work of a class which, prior to the war, was customarily undertaken by skilled labour, or as to the time rates for the manufacture of complete shell and fuses and cartridge cases in any controlled establishment in which such manufacture was not customary prior to the war ; and any direction so given shall be binding on the owner of the establishment, and any contractor or sub-contractor employing labour therein, and the workers to whom the directions relate, and any contravention thereof or non-compliance therewith shall be punishable, in like manner as if the order in which the direction is contained was an award made in settlement of a difference under Part I of the principal Act.

8.—(1) The Minister of Munitions may constitute special arbitration tribunals to deal with differences reported under Part I of the principal Act which relate to matters on which the Minister of Munitions had given or is empowered to give directions under the last two preceding sections, and the Board of Trade may refer any such difference for settlement to such tribunal in lieu of referring it for settlement in accordance with the First Schedule to the principal Act.

(2) The Minister of Munitions may also refer to a special arbitration tribunal so constituted, for advice, any question as to what directions are to be given by him under the said sections.

(3) The tribunal to which matters and questions relating to female workers are to be referred under this section shall include one or more women.

(d) AMENDMENT OF THE PRINCIPAL ACT.

Other provisions in the Amendment Act met grievances connected with wages, which had been urged on the Commissioners appointed to enquire into the grievances of munition workers on the Clyde and at the conferences convened by the National Advisory Committee. Section (2) amended Section (1) of the principal Act, requiring the Board of Trade to refer differences to arbitration within twenty-one days of their being reported. There had been bitter complaints of delays in securing settlements of differences. Section (5) amended Section (7) of the principal Act, among other provisions requiring a munitions tribunal, in determining whether the grant of a leaving certificate had been unreasonably withheld, to

“take into consideration the question whether the workman has left or desires to leave his work for the purpose of undertaking any class of work in which his skill or other personal qualifications could be employed with greater advantage to the national interests, and whether the employer has failed to observe the conditions laid down in the Fair Wages Clauses required by resolution of the House of Commons to be inserted in Government contracts, and whether the workman has left or desires to leave his work because he has recently completed a term of apprenticeship or period of learning his trade or occupation and desires to obtain the full standard rate of wages applicable to fully qualified workmen in his trade or occupation.”

(e) EXTENSION OF THE AREA OF REGULATION.

More important than these alterations in detail, which affected the position of the munitions worker rather than the powers of the Ministry, were the alteration in the definition of munitions and the extension of the Minister's power to declare establishments controlled. The former made possible a great increase in the number of establishments to which

the leaving certificate sections of the Acts could be applied and in which, therefore, the Minister's powers of giving directions as to wages could be used ; and the latter, since the leaving certificate sections were applied to all controlled establishments, had the same effect. The Ministry became directly responsible for the wages of an increasing number of munitions workers, and these the workers whose remuneration raised the most difficult questions.¹ The special arbitration tribunals appointed under Section 8 of the Amendment Act, by taking over the task of advising the Minister on wages undertaken hitherto by the Central Munitions Labour Supply Committee, relieved the Minister of some of the responsibility for the directions given, and by dealing with differences under Part I of the principal Act kept alive the principle of settlement by arbitration ; but this division of responsibility did not diminish the importance of the change of policy affected. The Ministry had accepted the obligation to protect wages which the trade unions associated with its powers of controlling labour, and had forthwith to build up an administrative machine that could discharge that responsibility.

III. The Dilution Bill of 1917.

(a) OBJECT OF THE BILL.

Towards the end of 1916 it was decided that another Amendment Act would be necessary. The increasing demand of the army for munitions, the increasing need of the army itself for skilled artificers, the danger that the economic stability of the country would be undermined if more men were withdrawn from private industry, led to a renewed attempt to make a better use of the limited number of skilled men available. This economy, it was thought, could be effected best by extending dilution to private work.² An amending Bill was needed because the powers of the Ministry to declare establishments controlled, and so to secure the prohibition of restrictive practices, were confined to munitions work as defined in the 1916 Act. A further difficulty was that the Government had pledged itself not to extend dilution from Government to private work at the second Treasury Conference in March, 1915, and the Minister thought that the extension could not take place, although circumstances had changed since the pledge was given, without the consent of the unions to whom it was given.³ At a conference in November, 1916, most of the unions agreed on conditions, but the most important union of them all, the Amalgamated Society of Engineers, which had originally exacted the pledge, refused compliance and would take no part in the negotiations over conditions that followed the Conference. No other method of attaining the Ministry's object, however, was suggested, and an Amending Bill was presented on 27 March, 1917.

¹ Chap. III, and Vol. V, Part II.

² Circular M.M. 142.

³ *Parliamentary Debates*, 1917 (H. of C.), XCIII, 1903.

(b) PROVISIONS IN FIRST DRAFT.

As originally presented the Bill had only three clauses. The first, which embodied the object of the measure, empowered the Minister of Munitions, where he was satisfied that it was of national importance that all or any of the provisions of the Munitions of War Acts should be extended to work of any particular class, or work in any particular establishment or class of establishment, to issue a certificate to that effect and to direct by Order that the provisions should extend accordingly; thereupon those provisions were to have effect as though reference to munitions work included reference to the work specified in the Order.

A proviso made it impossible to extend the provisions which imposed restrictions on the liberty of the workmen (*e.g.*, suspension of restrictive practices) without making the employer subject to the corresponding provisions affecting employers (*e.g.*, obligation to restore suspended practices after the war). The object of this proviso was to preserve the balance of the compromise between the interests of employers and the interests of workpeople embodied in the Treasury Agreement.

If this clause were passed, it would become possible for the Minister to control private and commercial firms and to assign to them war munitions volunteers.

The second clause was intended to improve the position of the war munitions volunteer. In the original Munitions Act priority of employment after the war was ensured to employees who had enlisted from a firm or were in the employment of the firm when it became a controlled establishment (Schedule II, Par. 3). This preference was now extended to workmen who had been assigned to some other establishment under Section 6 of the Act.

The third clause of the Bill was the only one bearing directly on wages control and also the only one of the three that became law. One of the most frequent complaints of trade union officials affected by the Munitions Act had been that arbitration awards took a long time to secure, and, when secured, a long time to enforce. Awards given under Part I of the Munitions Act were binding, but only on the actual parties to the difference. Even if the parties were representative associations of employers and workpeople, the award was not binding on the trade as a whole, since it did not bind firms outside the membership of the Federation; and the unions could make it effective throughout the trade only by the slow piecemeal procedure of complaints against individual firms that they were not observing the Fair Wages Clause in their contract with the Ministry. Some speedier procedure was desirable; the reform was the more important, because the employers' federation and the principal unions in the engineering and foundry industry in February, 1917, concluded an agreement to suspend their customary procedure for settling wages questions and to submit instead a joint application to the Committee on Production at four-monthly intervals. To this agreement,

which placed on the Committee on Production the definite responsibility for controlling wages in the industry, and which was soon copied by the shipbuilding, chemical and other industries, a memorandum was attached recommending the Government to make arrangements "whereby all employers in any trade or trades affected should be subject to the awards which may be made by the Committee on Production in virtue of the agreement";¹ the most important union concerned, the Amalgamated Society of Engineers made its participation conditional on such arrangements being made. Clause 3 accordingly provided that the Minister of Munitions might by Order direct that an award should be binding on other employers and persons engaged in a trade and specified in the Order, and that in such case the award should be binding on them in like manner and with the like consequences as if it had been made under Part I of the Munitions of War Act, in respect of a dispute affecting these employers and persons.

(c) THE BILL IN PARLIAMENT.

In moving the second reading of the Bill on 27 April, Mr. Kellaway announced that two or three new clauses would be put down by the Government "very largely as a result of questions addressed to me in the last two or three weeks, and of representations made to the Ministry from the country."² The clauses he specified were, first, a clause for expediting hearings of arbitration cases; second, a clause to deal with refusal to give a leaving certificate to a workman on the expiry of six weeks from his leaving his place, and, third, a clause tightening up the provision for preventing the cutting of piece-rates. Suspicion of such rate-cutting was, Mr. Kellaway said, "the real and substantial ground" of the recent trouble at Barrow. The Bill with these provisions added may be taken as the first draft of a bargain which the Ministry sought to drive with the unions in the course of the ensuing summer, by which it was hoped to secure the assent of the unions to the extension of dilution to private work by conceding their demands for the remedy of grievances under other heads. It also marked the beginning of a change which was to transform the Bill from a measure for extending dilution, of which opportunity was taken to effect a minor reform in wages administration, into a measure for removing the munitions workers' grievances under the head of wages, with all the dilution provisions left out.

Mr. Pringle moved the postponement of the Bill, until the existing restrictions on the freedom of employment of munitions workers had been removed. He insisted that Section 7 of the original Act was the chief grievance of the worker; but referred also to the doubts that were entertained that suspended practices and customs would after the war be restored, and pointed out that, since the excess profits tax was imposed, munitions manufacturers were under no special disability in the matter of profits, so that the compromise between the interests of employers and workpeople embodied in the original Act was

¹ See below, pp. 48 and 78-79.

² *Parliamentary Debates*, 1917 (H. of C.), XCII, 2743.

disturbed. Mr. W. C. Anderson seconded the rejection, asserting that the Ministry was under a moral obligation to see that the employer did not take unfair advantage of the leaving certificate provision to prevent the worker from getting the fair wage he could get elsewhere.¹ The Bill, however, was read a second time.

At the committee stage on 7 May, Mr. Kellaway said that it was intended to modify Section 7.² An amendment to exclude Section 7 from the provisions that the Minister might extend by Order was negatived; so was a proposal to make extension of the provisions of the Munitions Act to new work conditional on the trade unions representing the workers concerned giving their consent. The clause amending paragraph (3) of the second Schedule, extending the right of priority of employment after the war to workpeople assigned to some other establishment by the Minister, was passed. Amendments were inserted extending the scope of awards which might be made binding by Order, from wages alone to wages and "hours of work or otherwise as to terms or conditions of or affecting employment," and allowing the Minister to make any modifications that might be necessary to make the award applicable to the special circumstances of the firm to which it was extended.

Section 7 was amended first by making it incumbent on employers to issue leaving certificates at the end of the period of employment, and, secondly, by substituting "shall" for "may" in subsection (2) of Section 7, which permitted munitions tribunals, but did not require them, to issue certificates where they held that employers had withheld them unreasonably. A new clause was inserted, enabling the Minister of Labour to make rules for preventing delays in the settlement of differences under Part I of the original Act; and another gave the promised protection to piece-rates in the following form:—

"The following paragraph shall be inserted in the Second Schedule of the Munitions of War Act, 1915, after paragraph (5):

- (5) *a.* Piece prices, time allowances, or bonuses on output, once fixed in the establishment, may not be altered except by express agreement unless a substantial change in the method of operation or in the machinery or tools is introduced, and where such a change is introduced the altered piece prices, time allowances, or bonuses on output, shall not be such as to be less favourable to the workmen from time to time employed in the establishment."

With these additions and amendments the Bill was reported; but on an appeal from Mr. Pringle, who pointed out that several of the principal opponents of the Bill had been absent, further steps were postponed for the moment. The strike of engineers in all the important munition centres had shown clearly how unpopular any extension of dilution would be, and gave to the opponents of the Bill a backing in the country which they lacked in the House.

¹ *Parliamentary Debates*, 1917 (H. of C.), XCII, 2763 *et seq.*

² *Ibid.* XCIII, 830 *et seq.*

IV. The Commission on Industrial Unrest.

On 25 May, in the House of Commons, the Prime Minister was asked by Mr. Snowden to postpone further consideration of the Bill until the Commission which he had promised to enquire into industrial unrest should have reported. He refused on grounds of urgency, especially in merchant shipbuilding. It was not, however, until 14 August that the Bill appeared in the House again. The interval was occupied by negotiations with trade unions and employers, which transformed the Bill; while the course of events in the country discouraged any attempt to extend dilution.

The introduction of the Bill had almost coincided with the withdrawal of the trade card scheme of exemption from military service. The two incidents together, acting on the mass of pre-existing misunderstandings and grievances, precipitated a great strike, extending to all the important engineering centres, in April and May. The outbreak was unofficial, as it was illegal, but the repudiation of it by official trade union leaders did not end it. When it was ended, the official leaders mediating between the Government and the actual strike leaders, the Prime Minister promised an immediate enquiry into the alleged grievances. This promise was fulfilled by the appointment, on 12 June, of the Commission on Industrial Unrest, which sat in eight divisions in different parts of the country and reported on 17 July. In the "brief summary" of the Commissioners' findings submitted to the Prime Minister by Mr. G. N. Barnes, the first four of the fourteen points mentioned had a bearing direct or indirect on wages. They were—

- "(1) High food prices in relation to wages, and unequal distribution of food.
- "(2) Restriction of personal freedom and, in particular, the effects of the Munitions of War Acts. Workmen have been tied up to particular factories and have been unable to obtain wages in relation to their skill. In many cases the skilled man's wage is less than the wage of the unskilled. Too much centralisation in London is reported.
- "(3) Lack of confidence in the Government. This is due to the surrender of Trade Union customs and the feeling that promises as regards their restoration will not be kept. It has been emphasised by the omission to record changes of working conditions under Schedule II, Article 7, of the Munitions of War Act.
- "(4) Delay in settlement of disputes. In some instances ten weeks have elapsed without a settlement, and after a strike has taken place the matter has been put right within a few days."

Among the recommendations were two that had a bearing on the Bill; first, that the greatest possible publicity should be given to the abolition of leaving certificates, which the Government had promised

while the Commission was sitting, and second, that a system should be inaugurated whereby skilled supervisors and others on day rates should receive a bonus. Some of the commissioners recommended also that agreements made between employers' federations and trade unions should be made binding on the trade, and that local arbitration tribunals should be set up.

V. Negotiations with Trade Unions and Employers, 1917.

The negotiations between the Ministry and the trade unions and employers' representatives had brought out the same needs in the industrial situation, and the Ministry had already, as in the case of leaving certificates, anticipated some of the Commission's conclusions. At a conference of trade union representatives on 10 May a committee was appointed to negotiate with the Ministry, with Mr. John Hill as chairman. Negotiations were carried on with the Amalgamated Society of Engineers separately but concurrently. In the course of the discussions the fears and grievances of workers and administrative difficulties of employers were fully explored, and a measure devised which it was thought would reconcile Labour to the extension of dilution to private work.

The chief points on which the discussions with the trade union representatives turned were the leaving certificate clause, the safeguarding of piece-rates, the form that the provision for extending awards should take, the delays in obtaining awards, provision for consulting the workpeople's representatives in effecting dilution or introducing any other changes, and the guarantee of restoration after the war of suspended customs and practices. The last two have no bearing on wages administration, and in any case did not reach the stage of actual legislation; the others, which all bear directly on wages, resulted in the chief provisions of the Bill that actually became law.

(a) EXTENSION OF AWARDS.

The principle of extending awards was not in question;¹ there were, however, one or two points about the form the provision should take. In the Bill as introduced the Minister was empowered to make an Order extending an award if he was satisfied that it "affects the majority of the employers" in a munitions trade. The trade union committee urged that the important point was whether a majority of workpeople was affected; the condition was accordingly altered to read "the Minister of Munitions is satisfied that the award *is binding upon employers employing the majority of the persons engaged on or in connection with munitions work in any trade or branch of a trade either generally or in a particular district.*"² Again, the Minister was empowered to make an Order making the award binding "either without modifications or subject in any particular cases to such modifications contained in the direction as the Minister may consider necessary

¹ See above, pp. 44-45.

² L.R. 139/9.

to adapt the award to the circumstances of such cases, and in particular in order that no such employer shall be *compelled to pay greater or* enabled to pay less wages than an employer who was originally bound by the award." The original intention was to allow an employer who had been paying above the district rate to pay less than the whole award. The Employers' Advisory Committee objected to the words in italics, on the ground that the object of the provision was the enforcement of advances, not the establishment of a minimum.¹ The words italicised therefore were omitted. With these alterations the section was passed as Section 5 of the Act.

(b) ACCELERATION OF ARBITRATION PROCEEDINGS.

Complaints of delay in the settlement of differences under Part I of the principal Act were common. When that Act was presented to a conference of trade unionists, just before its introduction into the House of Commons, Mr. Duncan had urged the need of very greatly increasing the staff available for the work of conciliation and arbitration, on the ground that delays prejudiced arbitration and were a principal cause of discontent.² Two years later, as we have seen, the Commission on Industrial Unrest reported to the same effect. The complaints were not, however, confined to the representatives of Labour; the Government Departments concerned found that they were at times unable to secure the settlement of a dispute of which they were aware, because neither of the parties to it would report it.

Two provisions in the Amendment Bill were directed to remedying this delay. Clause (6) Subsection (1) was as follows :—

"The Minister of Labour may make regulations with respect to the reporting of differences under Section 1 of the Munitions of War Act, 1915, and with a view to preventing undue delay in negotiations for settling such differences may by those regulations prescribe the time within which any such difference is to be reported to him."

Clause 7 should be taken with this :—

"At the end of the First Schedule to the Munitions of War Act, 1915, the following paragraph shall be inserted :—

"(4) The tribunal shall make its award without delay, and where practicable within fourteen days from the date of reference."

The unions in pressing these complaints of delay had urged that there should be a fixed time-limit for the settlement of differences. It was, however, considered impossible to impose on an arbitration tribunal the duty of issuing its award within a specified time, since what was a reasonable time in a simple case might be quite inadequate for a complicated and important case.³

¹ L.R. 139/21.

² HIST. REC./R./300/5.

³ Notes on the Munitions of War Bill, 1917. HIST. REC./R./221·1/41.

Subsection (2) of Clause (6) gave Government Departments the power to report differences for settlement. It amended subsection (1) of Section 1 of the principal Act by inserting the words "by or on behalf of any Government Department" after the words "by or on behalf of either party to the difference." The power was needed particularly to enable supply departments, that heard of a difference first because it interfered with supplies, to report the matter at once to the Ministry of Labour.

(c) PROTECTION OF PIECE-RATES.

The negotiations over the section by which piece-rates were safeguarded are described elsewhere.¹ In the earlier drafts of the Bill, the provision was that rates should not be changed without consultation with the representatives of the workpeople concerned. The union leaders asked for "consent" to be substituted for "consultation."² The employers objected to the provision in either form,³ and a compromise was adopted, by which rates and prices once fixed were not to be altered "except in accordance with any procedure which has been adopted by agreement between the owner of the establishment and the workmen or their representatives . . . or by direction of the Minister of Munitions, which direction shall not be given except in accordance with an agreement between the owner of the establishment and the trade unions representing the workmen affected by the alteration, or failing agreement after consultation with the parties concerned."

As amended the clause provided an agreed, elastic and adequate procedure to prevent unauthorised alterations in piece-rates, instead of imposing a general prohibition. It gave a new sanction to any existing procedure that was satisfactory to both parties, and it enabled the Minister to enforce any future agreement that might be made. In other words, it extended to changes in wages due to the special conditions of payment by results the procedure applied to changes in district rates by Section 5 of the Act. Since changes in piece-prices under the clause could be made only by consent, it was not necessary to treat such changes as a change in working conditions under paragraph (7) of Schedule II of the original Act; they were therefore exempted from the scope of the paragraph by subsection (2) of the clause. The Admiralty had at one time suggested that piece-rates could be most easily protected by bringing them under this paragraph.⁴

Two exceptions were made to the clause. First, the provision did not apply to shipbuilding or ship-repairing yards, but as respects such yards the Minister of Munitions or the Admiralty might make rules regulating the alteration of the rates or prices under systems of payment by results therein. The Shipbuilding Trades Joint Committee had been asked to suggest a procedure similar to the procedure agreed on

¹ See below, pp. 137-141.

² L.R. 139/9.

³ L.R. 5581.

⁴ L.R. 139/31.

between the engineering unions and employers' federation, when it was proposed to attach that agreement to the Act as a schedule. They replied that the existing procedure was adequate, and that paragraph (5) of the second schedule of the original Act gave all protection needed.¹ The Admiralty also asked for the exemption of shipyards on similar grounds;² and the shipbuilding employers objected to certain provisions, particularly the prohibition of carrying forward debit balances, in the engineering trades' agreement.³ Since the clause contemplated enforcing not a uniform procedure, but only agreements made by each trade itself, it is not obvious what object was served by the exemption of shipbuilding.

The other exception was as follows :—

“ Provided that this provision shall not apply where the alteration is made in accordance with the directions as to the rates of female workers given by the Minister of Munitions, under section six of the Munitions of War (Amendment) Act, 1916 . . . ”

This exception was necessary, because the majority of female munition workers, unlike the men, were not organised in unions, and there were no agreements between employers and the unions representing the female workers like those regulating payment by results in the men's trades. The effect of the clause, therefore, if the exception were not made, would be practically to make any change in piece-rates illegal.⁴ These workers moreover were already protected by the power of the Minister, under Section 6 of the Amendment Act of 1916, to give binding directions as to their wages.

The exclusion of female workers made necessary a slight alteration in the form of the Bill. The provision protecting piece-rates was at first in the form of an amendment to Schedule II of the Act of 1915. The class of female workers to be excepted from it however was defined by reference to Section 6 of the Amendment Act of 1916. It was impossible to refer in a schedule to an Act of 1915 to a provision in an Act of 1916; therefore the piece-rates provision was given the form of a clause in the Bill instead of an amendment to the Schedule.⁵

(d) THE REPEAL OF THE LEAVING CERTIFICATE PROVISIONS.

The discussions with the trade unions, like the evidence given before the Commission on Industrial Unrest, made it clear that the leaving certificate provision of Section 7 of the principal Act was the chief grievance of munition workers. On 7 May in the House of Commons, Mr. Kellaway was still unwilling to admit the need of repeal; by 4 June the Ministry had become convinced that repeal was necessary, and Dr. Addison proposed repeal at a conference of trade unionists. The discussion on the provision may be divided into three periods. In the first the Ministry was trying to find means of saving the

¹ L.R. 139/40.

² L.R. 139/32.

³ L.R. 139/90.

⁴ L.R. 139/185.

⁵ L.R. 139/185.

provision by amending it ; in the second, while agreeing to repeal it, it hoped to effect repeal in the measure for extending dilution and was trying to devise safeguards against the dangers attendant on repeal ; in the third, it decided to repeal the provision, although it had given up for the time being the hope of securing dilution on private work by consent, and only arranged to postpone the actual repeal until the attendant safeguards could be put into force at the same time.

The Bill as it emerged from Committee in the House of Commons amended Section 7 of the principal Act to the extent of making the issue of a certificate compulsory after six weeks had elapsed from leaving work or a tribunal had found the withholding of a certificate by the employer unreasonable. In the negotiations that followed it was proposed, first, that the conditions under which the issue of a certificate was compulsory should be widened and the following draft clause was considered to come at the end of Section 5 (5) of the 1916 Act.¹

“ In determining whether the grant of a certificate has been unreasonably refused a tribunal shall take into consideration whether the workman has suffered a reduction in his rate of wages or has had his earnings materially reduced by reason of his transfer to less remunerative work or by reason of a change in the method of his remuneration, and in the event of the tribunal being satisfied of the existence of any of the above conditions the tribunal shall, unless there is good reason to the contrary, forthwith issue a certificate or order the issue of a certificate by the employer.”

This provision would have safeguarded the worker's wages against reduction but not enabled him to move about after higher wages. This did not, however, satisfy the opponents of the section. Another proposal, to allow the workman to change his place of employment by giving three weeks' notice, was unsatisfactory to the employers. While protesting against the proposed repeal of the section, the Employers' Advisory Committee preferred repeal to the amendment.² The chairman, Mr. Allan Smith, pointed out, however, that the Ministry would have to take far greater control in the matter of parcelling out labour, and that it might be necessary to prohibit employers taking on men at more than the district rate.

Dr. Addison suggested the repeal of Section 7 at a conference with the Amalgamated Society of Engineers on 4 June. The decision was not made without full consideration of the risks involved. Not only were there protests from employers and supply departments,³ but the officers of the Labour Regulation Department regarded the step with misgiving. The objections to the repeal were set forth in a memorandum at the time. It was pointed out that the provision was originally introduced with the limited object of stopping “ poaching ” by employers and unnecessary migration of labour ; the inevitable pressure on the workmen had been materially eased by the changes introduced by the Amendment Act of 1916 ; and the results of repeal now, however

¹ L.R. 139/14.

² L.R. 139/21.

³ L.R. 139/145.

advantageous the political reactions on Labour, would be very serious economically. The memorandum continued :—

- “(a) In the first place, it must be remembered that there are considerable variations between the various engineering trades in point of wages. Efforts have been made as far as possible to level rates in the same occupation, but the divergences between one occupation and another are considerable. A skilled man could easily adapt himself to a slightly different machine, and if he had complete freedom to leave and found that a new shop and a new machine would give him higher wages he would be very likely to leave.
- (b) It will be remembered that considerable dissatisfaction has been produced in the engineering shops because the unskilled and semi-skilled men on machines have been earning higher rates than the skilled men who had continued to work on purely skilled jobs on time rates. It has been a very difficult matter to induce the skilled men to leave the machine to go on to purely skilled work because removal from the machines reduces their earnings. There is no doubt that the skilled men, if Section 7 were removed, would return to semi-skilled work where their earnings would be much higher.
- (c) It should be noted further that in the case of certain occupations there are inferior classes of lower rated work which must necessarily be performed by the same mechanic in the course of the whole job. . . . The firm's right to remove men to the lower paid work has been upheld by the tribunal and by the High Court. In peace time economic pressure gives the employer the necessary hold, but in war time it is essential that he should be given some additional strength.”

The Ministry could not rely on the possibility of military service deterring men from changing their occupations, since the Ministry could in no case allow them to leave industry, and the normal fear of unemployment was inoperative owing to the great shortage of labour.¹

To these objections Sir Stephenson Kent added the fear that munition volunteers, soldiers released from the colours, and army reserve munition workers would want the same freedom.

Mr. Kellaway, while admitting the force of these objections, stated that they were far outweighed by the advantages which would be derived from the disappearance of a restriction which had irritated labour more than anything else. The decision to take the risk was based on considerations of public policy.²

Two conditions, Dr. Addison pointed out, must be attached to the abolition of the leaving certificate. Employers must be prevented from taking men from munitions to private work ; and the poaching

¹ L.R. 139/3.

² L.R. 139/30. Cf. L.R. 139/87.

of labour must be prevented. The use of the workers' unemployment insurance book was suggested as a means of tracing and checking such transfers, a proposal to which the Amalgamated Society of Engineers' spokesmen raised no objection; they approved also the proposal that firms which held out inducements to the employees of another firm to leave should be stopped from engaging more men.¹ The same proposal of an embargo was discussed at considerable length with the Employers' Advisory Committee. The representatives of the Department preferred the use of the embargo to any overt provision for checking attempts to increase wages;² but the employers pressed for a specific prohibition of any enticement by offering higher wages. The matter was discussed with the trade union committee and the expedient devised, which is embodied in proviso (b) in the following draft clause:—³

(1) It shall not be lawful for a person to give employment to a workman who has, since the passing of this Act, been employed on or in connection with munitions work of the class specified in paragraph (a) of subsection (1) of section nine of the Munitions of War (Amendment) Act, 1916, or of any other class which may be specified in an order of the Minister of Munitions or on work to which the Munitions Acts, 1915 and 1916, have been applied by an order under this Act

(a) where the work on which he is to be employed is not work on or in connection with munitions work without the consent of the Minister of Munitions which consent may be given either as respects an individual case or generally as respects work of any particular class or description;

(b) where the work on which he is employed is work on or in connection with munitions work if the rate of wages (including any bonus or other consideration) offered or from time to time paid to him is higher than that for the time being applicable to other workmen employed in similar capacities by the person giving the employment; and if any person contravenes this provision he shall be guilty of an offence, triable by a munitions tribunal of the second class, under the Munitions of War Act, 1915, unless he proves that he did not know that, and had taken all reasonable steps to ascertain whether, the workman had been so employed:

Provided that in the case of a workman to be employed on or in connection with munitions work, it shall not be an offence to offer or pay him wages (including any bonus or other consideration) at a rate higher than that applicable to other workmen employed in similar capacities by the person giving the employment if the rate is not higher than that which the workman

¹ L.R. 139/22.

² L.R. 139/21; L.R. 5581, Minutes of meeting, 17 July, 1917.

³ L.R. 139/38.

received in his previous employment, and that nothing in this section shall prevent him being employed in a higher capacity than that in which he was employed in his previous employment.

(e) REJECTION OF BILL BY AMALGAMATED SOCIETY OF ENGINEERS.

With these conditions attached the repeal of the leaving certificate section was embodied in the Bill, and the Bill accepted by the Executive Council of the Amalgamated Society of Engineers subject to a ballot of their members. The members were asked to vote on it in a circular issued on 21 June, in which the Executive Council recommended it. The circular summarises the advantages of the Bill from the point of view of its critics.¹ Power was taken to extend dilution to private work, but the extension was safeguarded by the giving of 21 days' notice in each case and by the retention of the right to strike on private work. In return, the guarantee of restoration of suspended practices was made explicit and strengthened by higher penalties, and the guarantees of priority of employment were extended and also strengthened. The security for restoration was also strengthened by the restoration of the right to strike at the termination of the war instead of twelve months later. Leaving certificates were abolished subject to the conditions given above. The compulsory extension of arbitration awards was secured, and provision made for speeding up arbitration. A promise had been secured that the Minister would not press the general adoption of payment by results, and the Bill secured workmen already under that system from any cutting of prices. There was a clause prohibiting victimisation on the ground of trade union activity—an important provision at a time when official strikes were illegal and trade union aggression depended largely on unofficial leaders—and local joint committees were promised, if a workable system could be devised.

The result of the ballot was the rejection of the Bill by a large majority. Meanwhile the report of the Commission on Industrial Unrest had made clear the seriousness of the Labour fears of dilution and the need of certain of the other provisions of the Bill. The new Minister urged the need of the Bill on a conference of trade unionists in the Central Hall, Westminster, on 1 August, and appealed again for their advice and for assistance in getting over difficulties. Some support for going on with the Bill was forthcoming from members of the Committee which negotiated the amendments; but the chairman of the Amalgamated Society of Engineers insisted that it would be unwise and would defeat its object to pass the Bill against the opposition of his members.² The Employers' Consultative Committee, with whom Mr. Churchill discussed the Bill on 14 August, expressed doubts whether the dilution provision was worth the trouble it would excite; dilution on private work could be put into effect only by agreement, and

¹ L.R. 139/105; Circular M.M. 142 of 1917.

² L.R. 139/186.

agreement could be obtained without legislative powers.¹ It was decided, therefore, to postpone for the time being the extension of dilution and the more controversial among the other provisions of the Bill, but to proceed with the Bill as an agreed measure for removing certain pressing grievances which the discussions over it and the enquiries of the Commission on Industrial Unrest had revealed.²

This meant a short Bill embodying the repeal of Section 7 with consequential amendments, the clauses affecting wages, and the clause directed against victimisation.

VI. The Munitions of War Act, 1917.

(a) REINTRODUCTION OF THE BILL AS A WAGES MEASURE.

The Bill was reintroduced on 14 August and considered in Committee the next day. There were only a few days before the adjournment for the recess. Certain members misunderstood Mr. Churchill, until he explained the object of his amendments.³ The Bill was no longer a dilution Bill. On the other hand, after the pledge had been given to abolish the leaving certificate provision, he did not like to be left for the six weeks of the recess without the means of giving effect to it. He asked for certain safeguards. Other amendments embodied agreed provisions extending awards and safeguarding against victimisation. In Committee he explained that the Bill was merely an "instalment, a necessary instalment." It was welcomed by the chief opponents of the Bill in its original form, Mr. Pringle, Mr. Anderson, and Mr. Tyson Wilson, and passed through all stages without further alteration. The Royal Assent was given on 21 August.

(b) REPEAL OF LEAVING CERTIFICATE PROVISIONS.

Certain changes made subsequently to the rejection of the Bill by the ballot of the Amalgamated Society of Engineers require explanation. Section 7 of the principal Act was not repealed outright; Section (2) said "The Minister of Munitions, on being satisfied that the provisions of section seven of the Munitions of War Act, 1915, as amended by any subsequent enactment, can consistently with the national interests be repealed, may by order repeal these provisions."

The provision for delay was due to the necessity now recognised of making some provision for the skilled time-workers, who might be tempted on getting their freedom to move to less skilled, or at any rate less useful, but better paid work.

The conditions that were to come into force on repeal of Section 7 were also different from the July draft. The provision that prohibited the employment on private work, without the consent of the Minister,

¹ Verbatim Report in HIST. REC./R/340/6.

² L.R. 139.

³ *Parliamentary Debates*, 1917 (H. of C.), XCVII, 1121-22.

of a workman who had since the passing of the Act been employed on munitions work stood ; but the other condition, prohibiting employment at wages higher both than those which were being paid by the employer to other men on similar work and than those which the man had been receiving in his previous employment disappeared. The views of the officers of the Department prevailed, and reliance was placed on the device of an embargo imposed under Defence of the Realm Regulation 8A (b).¹ The Minister stated in Committee in the House of Commons that he was relying on this regulation. "I shall hold myself free," he said, "to utilise that to prevent poaching."² It was also intended to amend Regulation 8B, under the Defence of the Realm Act, which prohibited enticement but had been found difficult to administer, by making it possible for an aggrieved employer to prosecute merely with the consent of the Minister, and by placing the onus of proof that he did not entice on any employer who had entered into negotiations with a workman.³

The other safeguards against undue movement after repeal of Section 7 were provided in Sections 3 and 1 of the new Act. Section 3 provided that if Section 7 of the principal Act were repealed, a contract of employment in connection with munitions work should not be determinable by either party except by a week's notice or on payment of a sum equal to an average week's wages. Exception was made in cases in which a longer notice than one week was already required, in ship-repairing and in other discontinuous work which the Minister exempted by Order, and in cases of misconduct. The Minister stated that he relied on this as the substantial provision to prevent sudden dislocation.⁴

(c) THE SKILLED TIME-WORKERS' CLAUSE.

Section (1) enabled the Minister to fix special rates for skilled time-workers. It was as follows :—

"If at any time during the continuance of the present war the Minister of Munitions considers it necessary, in order to maintain the output of munitions, that directions should be given with respect to the remuneration to be paid for work (being munitions work or work therewith or work in any controlled establishment), which at the time when the directions are given is paid at time rates, he may, subject always and without prejudice to any agreement made between employers and workmen with the consent of the Minister with respect to the remuneration of such work, by order give such directions with respect to the remuneration of such work as he may consider necessary for the purpose of the maintenance or increase of output."

¹ Employers' Advisory Committee Minutes, 17 July (L.R. 5581).

² *Parliamentary Debates*, 1917 (H. of C.), XCVII, 1306.

³ HIST. REC./R./221·1/41.

⁴ *Parliamentary Debates*, 1917 (H. of C.), XCVII, 1122.

The origin of this section is to be found in a proposal put by Mr. Wolfe to Mr. Kellaway on 2 July, as a substitute for the provision then in the Bill prohibiting enticement by the offer of higher wages, under which a workman might move from place to place carrying a higher rate with him.¹

"It is designed," he stated, "to meet special cases such as the tool-maker on day work leaving that work for semi-skilled repetition piece-work. The provision would enable the Minister to make Orders regulating the wages of skilled men so as to equalise them provided that they remain in the trade. This seems the least clumsy and most effective way of achieving a very necessary purpose." The difficulty had been brought prominently before the Ministry by a dispute at Messrs. Crossley Motors, Manchester, where the time-workers threatened to strike unless they received a bonus on the total output of the shops. The Commission on Industrial Unrest emphasised the same point a few days later. The draft clause was opposed by the Employers' Advisory Committee on 17 July, on the ground that a definite prohibition of enticement by the offer of higher wages was essential; they were also still raising objections to the abolition of leaving certificates, of which this proposal was a corollary.

The proposal was put before the trade union conference on 1 August, at which the Minister emphasised the anomaly of the skilled time-worker's wages. The officers in charge of dilution reported that the fear of loss of wages by skilled men was an important factor in the opposition to dilution.² When it became necessary to revise the Bill by dropping dilution, Mr. Wolfe put forward the proposal again; the question of the skilled time-worker's wages must be settled in connection with the Bill; it was the most pressing matter before the Department. The employers would accept the proposal only on conditions; first, that it was confined to piece-work establishments; second, that it was not used where piece-work had been offered and refused; third, that increases under the clause were confined to the war period; and, fourth, that employers were reimbursed by the Government. The first two of these conditions could not be accepted, the first because a man might want to move from a day-work establishment to a piece-work establishment when it was necessary to keep him at the former; the second because it would be in effect to make piece-work compulsory, which the Ministry had refused to do. The third condition was accepted and embodied in the Act, the fourth could be arranged.³ The clause was put before a conference of engineering and shipbuilding unions on 13 August, at which Mr. Churchill said that consideration of the question must precede abolition of the leaving certificate. It was argued that all day-workers were affected but the question was not further discussed, the conference being taken up with the question of dilution.⁴ The Employers' Advisory Committee considered the clause on 10 August. They objected to it and proposed an alternative embodying the conditions indicated by Mr. Wolfe.⁵ The clause

¹ L.R. 139/138.² L.R. 139/185.³ L.R. 139/193.⁴ L.R. 139/165.⁵ Hist Rec./R./340/6.

appears in the Act, however, substantially in the form in which Mr. Wolfe drafted it, with the provision that any difference arising respecting matters on which the Minister had given directions under the section should be referred to a special tribunal constituted under Section 8 of the Amendment Act of 1916.

(d) SECTION 4.

Section (4) of the Act followed necessarily from the abolition of the leaving certificate, but it had substantial and independent importance. Under Section (6) of the Amendment Act of 1916, the Minister had power to regulate by Order the wages of female workers "employed on or in connection with munitions work in any establishment of a class to which the provisions of Section 7 of the principal Act . . . are for the time being applied. . . ." With the repeal of Section 7 of the principal Act the differentia of this class of workers went too. In its place the Minister's powers under Section 6 of the Act of 1916 were made to apply to female workers "employed on or in connection with munitions work in establishments of all classes." This represented a considerable concession to the women's unions, who had always pressed for a widening of the area of control, and a considerable increase in the powers and responsibilities of the Ministry. The War Office had objected, on the ground that the extension might lead to interference with the wages of workpeople engaged on work for the War Contracts Department.¹ The Ministry's powers, however, were limited to munitions work within the meaning of the Munitions Acts.

(e) REJECTED AND DEFERRED PROVISIONS.

No further addition was made to the statutory powers of the Ministry to control wages, although the Amendment Act of 1917 was admittedly only provisional and partial. Certain additional proposals that were considered may be noted. Mr. (later Sir) Lynden Macassey had urged, in April, that provision should be made for statutory introduction of payment by results.² He pointed out also that the general provision against restrictive practices, Section 4 (3) of the original Act, was largely inoperative, because an arbitrator might rule that a practice was restrictive without being able to say what should take its place, and because the Ministry could not refer a case to arbitration where employer and workmen refrained. He suggested amendments, first, empowering the Board of Trade or an arbitration tribunal to decide the "manner, extent and conditions in, to or upon which any rule or system proposed to be substituted for the suspended rule, practice or custom shall be put into operation"; and, second, empowering the Ministry to refer to arbitration the question whether any rule or practice was restrictive. The difficulties in which the Ministry of Munitions found itself in securing assent to its Bill were too great to permit of these extensions, and they were not taken up.

¹ L.R. 139/14.

² L.R. 139/39.

Certain other provisions were deferred for inclusion in the Bill it was intended to bring in, extending dilution and giving the unions the security for restoration of suspended practices which they asked. The unions had asked for a provision making the Munitions Acts binding on Crown establishments, so that the Admiralty and War Office could be compelled to go to arbitration under Part I. The War Office objected on the ground that an award or Order affecting a limited class of munition workers would affect all other branches of Government employment; their employees should therefore come under the special Conciliation and Arbitration Board for Government Employees.¹ The Admiralty objected on the similar ground that employment in the Royal Dockyards was a self-contained system with standards and provisions for change of its own. The Ministry of Munitions supported the unions' claims, on the ground of mutuality, the Government establishments enjoying the benefits of the Munitions of War Acts. The Cabinet decided in November that the Acts should be made binding on Government establishments, since the present position of the Arsenal and Dockyards stood in the way of the co-ordination of the Government Departments dealing with Labour, and gave instructions that a clause to this effect should be inserted in the next Amendment Bill.²

VII. Inadequacy of the Ministry's Statutory Powers of Wages Control.

Negotiations over the Amendment Bill, which were concerned chiefly with the securities for restoration of trade union practices, had not issued in a Bill when the Armistice came. Meanwhile the inadequacy of the powers of wages control given by the Munitions Acts had been revealed by a movement of workpeople after higher wages and a divergence of actual wages from nominal district rates which became marked in 1918. The Ministry had full control of wages only in national factories. In controlled establishments its sanction was required for any change; but this power was, as has been shown, much more limited than appears at first sight, since sanction was not needed for changes due to collective agreements or general awards or for changes affecting individuals only; it was subject also to appeal to arbitration under Part I of the original Act, and in any case the controlled establishments over whom it was exercised numbered only 6,000 firms out of over 30,000 engaged on munitions. While the Ministry's powers of checking an advance were limited it had greater powers of compelling an advance. Under the first Amendment Act it could fix by Order wages of substitutes, male or female, on skilled men's work; under the second it could give directions with respect to the payment of time work. These powers enabled it to control the wages of women munitions workers fairly effectively. In relation to men's wages, however, its powers corresponded with the theory that wages should be settled by collective bargaining, arbitration

¹ L.R. 139/77.

² L.R. 139/126.