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# CHAOS AND ORDER IN INDUSTRY

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## APPENDICES

### APPENDIX I

MEMORANDUM ON THE CAUSES OF AND REMEDIES  
FOR LABOUR UNREST, PRESENTED BY THE  
TRADE UNION REPRESENTATIVES ON THE  
JOINT COMMITTEE APPOINTED AT THE  
NATIONAL INDUSTRIAL CONFERENCE, HELD  
AT THE CENTRAL HALL, LONDON, ON 27TH  
FEBRUARY 1919.

#### I. THE CAUSES OF UNREST

No one can doubt the existence in the United Kingdom at the present time of the most widespread and deep-seated unrest that has ever been known in this country. The causes of this unrest do not admit of any simple and comprehensive explanation. They are various and diverse, and different causes take the first place in different districts and among different groups of workers. The main outlines are, however, sufficiently distinct to admit of certain broad and general conclusions, and this memorandum is an attempt to describe some of the most important causes so far as they relate to economic conditions. No attempt will be made to deal with causes of a political character, although it is impossible to separate these completely from economic causes. Thus, the representation of Labour in Parliament not only has a political aspect, but

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also provides, under favourable conditions, the best possible safeguard for a constitutional ventilation of economic grievances, and the under-representation of Labour in the present House of Commons must therefore be classed, to this extent, among the economic factors, as well as among the political factors, in unrest. It must be remembered that throughout the war the workers have been led to expect that the conclusion of hostilities would be followed by a profound revolution in the economic structure of society. Not only social theorists, but also the most prominent spokesmen of the Government, and not a few employers, have constantly told the workers that we should never revert to the old conditions of industry, and that an altogether higher standard of life and an altogether superior status for the worker in industry would be secured as soon as the immediate burden of hostilities was removed. The Prime Minister himself has urged an official deputation from the Labour Party to be audacious, and the promises of drastic industrial change made by the Government are too numerous to chronicle. The Prime Minister's own words to the Labour Party Deputation are worth quoting. He said:—

“ I am not afraid of the audacity of these proposals. I believe the settlement after the war will succeed in proportion to its audacity. . . . Therefore, what I should be looking forward to, I am certain, if I could have presumed to have been the adviser of the working classes, would be this: I should say to them ‘Audacity is the thing for you.’ Think out new ways; think out new methods; think out even new ways of dealing with old problems. Don't always be thinking of getting back to where you were before the war; get a really new world.”

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In view of the attitude now adopted by the Government in regard to industrial reconstruction, these words of the Prime Minister must be regarded as a material cause of Labour unrest.

### I. LACK OF POLICY

At the present moment the workers find themselves face to face with disappointment. There is also no sign that any comprehensive policy has been prepared, or even contemplated, by the Government or by the employers, with a view to bringing about any drastic change in industry. Everywhere the workers find either the determination to revert as soon as possible to pre-war conditions in the operation of commerce and manufacture, or, where the question of reverting to pre-war conditions does not arise or concerns primarily Labour, they find that few, if any, preparations have been made for the introduction of real changes. The lack of any comprehensive industrial or economic policy on the part of the Government or the employers must therefore be regarded as one of the principal factors in the present Labour unrest.

### 2. THE CONTROL OF INDUSTRY

With increasing vehemence Labour is challenging the whole structure of capitalist industry as it now exists. It is no longer willing to acquiesce in a system under which industry is conducted for the benefit of the few. It demands a system of industrial control which shall be truly democratic in character. This is seen on the one hand in the demand for public ownership of vital industries and services, and public control of services not nationalised which threaten the public with the danger of monopoly

cost of living until the workers themselves strongly press their demands. The fact that the onus of securing concessions which are necessary even to maintain Labour in its present position is always thrown upon the workers, and that strong resistance is practically always offered by the employers to such readjustments is a standing provocation to unrest, and has been a very material factor during the time of increasing prices through which we have been passing. Moreover, the workers are convinced that the high prices which have prevailed have not been unavoidable or purely due to natural causes. From the very beginning of the war period the Labour Movement has pressed upon the Government the adoption of measures designed to keep down the cost of living, and, although control over private industry has been gradually extended, it has, in most cases, not been sufficiently thorough or has been instituted far too late to check materially the rising prices, and certainly too late to prevent the amassing of huge fortunes at the public expense. The system of control which has operated during the war has meant, in the majority of cases, the fixing of prices at a level which will give what is regarded as a reasonable margin of profit to the least efficient concern, and this has meant, in case after case, the fixing of prices which leave an entirely unnecessary balance of profit to the more fortunately situated or more efficient establishments. In these circumstances unrest arises, and the workers are strongly convinced that the only way of keeping down prices is by taking production and distribution into the hands of the public itself so that the price can be fixed at such a level as to be fair in the aggregate and so that gains and losses can be distributed over the whole supply of each product. The fact, then, that control by the State has

usually been instituted too late, and the further fact that, even when it has been put into operation, it has not had the effect of reducing prices because the motive of private profit has still been preserved, must be regarded as a most potent factor in aggravating unrest and confirming working-class suspicions of widespread profiteering.

#### 4. PROFITEERING

The universal opinion among the working classes that profiteering has taken place during the war on an unprecedented scale must also be reckoned as one of the most important causes of unrest. It is, of course, impossible to produce an accurate statement of the extent and character of this profiteering, but an indication is given in the enclosures<sup>1</sup> of the type of fact reported in the newspapers which has been a powerful influence in convincing the public that widespread profiteering is prevalent. Indications have pointed to the fact that large fortunes have been amassed as a result of the war by many sections among the employing and financial classes. The following indications are those which have principally led to the impression that extensive profiteering has been prevalent:—

- a. The reports in the newspapers of dividends, distribution of bonus shares, distribution of dividends higher than pre-war dividends after payment of excess profits duty, and other reports showing that the prosperity of well-known firms is greater than ever before as a result of the war.
- b. The impression that large profits beyond those actually declared in the form of dividends or bonus shares have been accumulated by one or other of the following methods:—

<sup>1</sup> Not here reprinted

The placing of exceptionally large sums to the reserve beyond the increase in depreciation necessitated by war conditions.

The equipment, by grant or out of excess profits at the public expense, of new factories, etc., or the re-equipment of old ones, which will be in a position to earn high profits after the war.

- c. The impression that the excess profits tax has operated not so as to reduce the total amount of profit obtained by the large concerns which have been in a position to secure almost what prices they chose to ask for their commodities, but to increase prices and thereby maintain profits at the same height as they would have reached if there had been no excess profits taxation.
- d. The constant references in Government reports and in the newspapers, giving accounts of the progress of combination among firms which have led to the impression that "vested interests" are becoming more powerful in the community than ever, and that there is a serious danger of a great extension of private monopolies prejudicial to the public, and that the Government is steadily fostering combination among capitalists without adequate safeguards for the public interest.
- e. The fact that huge combinations of capitalists have been formed during the war for the express purpose of influencing the Government, and the impression that these combinations are listened to with far more attention by Government Departments, than the representations made by Labour.

This list by no means exhausts the causes which have led the workers to believe that widespread profiteering



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exists, but it would be impossible to carry the matter further without entering into considerable detail. It need only be said that profiteering in articles of working-class consumption, such as food, naturally produces a more immediate and profound impression in working-class circles than profiteering which, although it may be even more extensive, is not equally apparent to the ordinary man or woman. The work of the Ministry of Food and of the Consumers' Council has done something to diminish the suspicion among the workers of food profiteering, but this suspicion is rapidly reviving as a beginning is made of the removal of food control.

### 5. GOVERNMENT POLICY IN RELATION TO INDUSTRY

The actions of the Government in relation to industry since the general election have deepened the working-class impression that profiteering is prevalent. The sale of national ships, shipyards, and factories is strongly resented by Labour, especially as this has taken place at a moment when the ships might have been made of the greatest use in national hands, both in relieving the necessities of the world and in preventing the creation of powerful shipping monopolies. The shipyards might have been used to increase and develop a national mercantile marine, and the factories, as well as the shipyards, might have been turned to the task of useful peace-time production, and might have been made a powerful factor for the prevention of unemployment both during the period of dislocation and permanently. The words used by the Minister of Labour at the Industrial Conference on 27th February have intensified Labour's misgivings. Sir Robert Horn said :—

“The consideration which ultimately weighed with the Government was that the only chance of expediting matters at the present time was to restore confidence in private enterprise. . . . If the Government was regarded as a competitor in the industries which private enterprise was at present running they would never get proper work started again at all.”

This is by no means the view of Labour, which holds strongly that the development of national resources under public ownership is the most urgent need of industry at the present time. The eagerness of the Government to sell the national property and its expressed determination to compete in no way with private interests in the task of production, even on such commodities as telephones, which are required by the Government itself in large numbers, and the hasty abandoning of national control over industry, without any adequate safeguards for the future protection of the consumer, have led the workers to the view that the Government's first concern is the restriction of public ownership and the restoration, at all costs, of the system of production for private profit. Moreover, the refusal of the Government to come to any decision on the question of mine and railway nationalisation, despite definite promises made during the general election, and although the solution of this question is obviously vital to the problem of industrial reconstruction as a whole, seems to show that no constructive industrial policy can be expected. Thus, disillusionment and fear of exploitation in the future on an unprecedented scale has made the workers think that their only remedy lies in taking matters into their own hands.

## 6. UNEMPLOYMENT

The prevention of unemployment and provision against unemployment should have been one of the first thoughts of the Government as soon as the question of industrial reorganisation began to be considered. The workers fully understood that steps were being taken to bring into immediate operation upon the conclusion of hostilities a permanent scheme both for the prevention of unemployment wherever possible and for the maintenance of the unemployed where this could not be done. They now find that no permanent provision has been made, and that the Government actually proposes to withdraw the temporary provision for the unemployed before instituting any permanent system of prevention and maintenance. The reduction of the unemployment donation before a comprehensive and permanent scheme of prevention and provision has been brought into operation, will have the effect of extending and increasing unrest. Moreover, the administration of the unemployment donation has given considerable cause for dissatisfaction, especially in the case of women, who are being compelled in case after case to take jobs in sweated industries practically at pre-war rates of wages.

We are of the opinion that the unequal distribution of wealth, which prior to the war kept the purchasing power of the majority of the wage-earners at a low level, constituted a primary cause of unemployment. During the Labour unrest debate in the House of Commons, February 1912, the Parliamentary Secretary to the Board of Trade stated that the department had particulars of wages paid to 7,300,000 work-people, and further informed the House that 60 per cent. of the wage-earners for whom they had

particulars were receiving less than 30s. per week. From the Land Enquiry Committee Report, published in 1913, we learn that about 60 per cent. of the ordinary adult agricultural labourers received less than 18s. per week, a substantial percentage being in receipt of less than 15s. per week.

In 1911 the Government appointed a Royal Commission to investigate the cause of a dispute affecting railway employees. The Union representatives submitted a statement showing the rates of wages for railway war workers in 1906, as follows:—

| No. receiving £1 per week or less. | Per cent. of total number employed. |
|------------------------------------|-------------------------------------|
| England and Wales . . . . . 81,300 | 36·7                                |
| Scotland . . . . . 12,960          | 45·2                                |
| Ireland . . . . . 6,650            | 74·5                                |

Showing over 100,000 workers employed in an industry not affected by foreign competition not exceeding £1 per week.

Sir G. S. Barnes, Second Secretary, Board of Trade, giving evidence before a Select Committee of the House of Commons in 1913, supplied the following particulars of wages paid to women workers.

In the Sugar Confectionery trades 40·5 per cent. were receiving less than 10s. per week, with an average wage of 11s. 9d. Food preserving 44·4, with an average of 10s. 11d. The women employed in the hollow-ware trade to the number of 700 have been on strike to obtain a minimum wage of 10s. for a week of 54 hours.

In the calendaring and machine ironing trade, of the women over 18 years of age working full-time 32 per cent. earned under 10s., and the average was 11s. 4d. for a 60-hours week.

The above particulars of wages paid covering Railway Workers, Agricultural Labourers, and a large percentage of women workers indicate that a very large body of wage-earners have received a rate of wages limiting their power of consumption to such an extent as seriously to limit the effective demand for all the essentials of life, and as a consequence unemployment has been created by under consumption.

### 7. WAGES AND EARNINGS

The termination of hostilities caused a sudden reduction in the earnings, though not in the wage rates, of huge classes of workers, without any corresponding decrease in the cost of living. This has, no doubt, to some extent intensified the unrest, but wage grievances are not, at the present time, responsible for more than a fraction of it. At the same time there are two aspects of the wages problem in connection with which the uncertainty of the present position is already causing serious unrest.

- I. Most classes of workers have put forward demands for wage increases and the incorporation in wages of war advances, with a view not merely to maintaining their pre-war position in relation to the increased cost of living, but to improving their economic position. Failure to satisfy the universal demand of the workers for a higher standard of life will undoubtedly be followed by widespread unrest. This applies not only to the highly organised, but also to the less organised groups of workers. It is the universal opinion among the workers that every worker, no matter what the trade or occupation with which he or she is connected, is entitled

to a reasonable minimum standard of life, and that the existing slow and cumbrous methods of dealing with this problem by the gradual and piece-meal extension of the Trade Boards Act, in face of persistent obstruction and opposition, are entirely inadequate.

2. The Wages (Temporary Regulation) Act is due to expire in May. Unless steps are taken to renew it until permanent provision has been made for dealing with wage rates in the future, unrest will be gravely increased.

#### 8. HOURS OF LABOUR

Probably the most important immediate cause of unrest is the question of hours of labour. Hours have been singularly little changed for a very long time past, and before the war demands were being made in many industries for a substantial reduction. The workers are now urgently demanding a higher standard of leisure, to be achieved by a reduction in working hours and the abolition of systematic overtime. If matters are allowed to drift, these demands will lead to serious unrest and possibly dislocation in practically every industry in the country. There is a strong opinion among the workers that the hours problem should be dealt with as a whole with a view to the formulation of some maximum limit applicable to all workers. Otherwise hours of labour will take a prominent place in encouraging unrest for a long time to come.

#### 9. HOUSING

Side by side with the demand for a higher standard of life and leisure, comes the demand for more and better

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housing accommodation. Overcrowding has been an especially serious factor in the creation of unrest in many centres during the war period, and attention was drawn to this point in the reports on Industrial Unrest prepared for the Government two years ago. . . . The rapidly growing shortage of houses at the present time, and the failure to build new houses, have done a great deal to undermine working-class confidence, and must now rank among the principal factors of unrest.

### 10. RECOGNITION OF TRADE UNIONS

More than one dispute recently has centred around the question of the recognition of trade unionism. Among Government employees the Police Union has been refused recognition, and serious unrest has thereby been caused. The Railway Clerks' Association only secured partial recognition from the Government by the threat of an immediate strike, and even now serious trouble is being caused by the attempts of the Railway Executive Committee and the companies to whittle down this recognition. There has been serious delay in applying the Whitley Committee's Report to any section of Government employees, and even now it has not been applied to the Civil Service, with the result that this class of workers is in a grave state of unrest. Among employees of private firms recognition is still by no means completely or fully established—a point which has been specially brought to our notice by one Association, that of the Engineering and Shipbuilding Draughtsmen, which, although it includes practically all the draughtsmen eligible for membership, is still refused recognition. Recognition is still especially defective in the workshops, and it is clear that the failure

to provide for full recognition of Trade Union organisation in and out of the workshops is responsible for a good deal of unrest.

## II. LACK OF REPRESENTATIVE MACHINERY

One reason why the existing unrest in industry lacks co-ordination and is difficult to express in concrete terms is that there exists no adequate machinery capable of giving constant expression to the co-ordinated demands of the whole of the workers. Numerous Committees and Conferences have been set up and summoned by the Government for various industrial and economic purposes. These have mostly been unsatisfactory and often of an unrepresentative character. There is an urgent demand for an elective body fully representative of Labour to advise the Government on economic and industrial policy in general. The absence of such a body is certainly one of the causes for the rapid extension of the present industrial unrest, and for its taking in some cases an indefinite and incoherent form. Until some such really representative body is brought into existence, it is to be feared that unrest will continue to possess a disorganised and largely unco-ordinated character.

## 12. THE ATTITUDE OF THE GOVERNMENT AND THE EMPLOYERS

It is not possible to discuss the question of Labour unrest without drawing attention to one important factor, both as causing of unrest and as making it take unconstitutional directions. It is unfortunately the fact that it has been much more difficult to get prompt attention to industrial



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grievances during the war period in those cases in which the workers, from patriotic motives, have remained at work and endeavoured to act by constitutional methods than where they have come out on strike or threatened immediate and drastic action. This suicidal policy of delaying remedial action for grievances until the workers have decided to take matters into their own hands is responsible for a great deal of preventable unrest, and there is a general opinion that both employers and the Government would be wise to take steps to ensure that in future grievances, as soon as they arise, and before they reach the point of danger, should be promptly considered and dealt with on sympathetic lines.

### II. REMEDIES FOR UNREST

To the foregoing statement we append certain general suggestions as to remedies. We shall follow, as far as possible, in our discussion of remedies the order of the paragraphs setting out the causes of unrest.

#### I. CONTROL OF INDUSTRY

(a) A substantial beginning must be made of instituting public ownership of the vital industries and services in this country. Mines and the supply of coal, railways, docks, and other means of transportation, the supply of electric power, and shipping, at least so far as ocean-going services are concerned, should be at once nationalised.

(b) Private profit should be entirely eliminated from the manufacture of armaments, and the amount of nationalisation necessary to secure this should be introduced into the engineering, shipbuilding, and kindred industries.

(c) There should be a great extension of municipal ownership, and ownership by other local authorities and co-operative control of those services which are concerned primarily with the supplying of local needs.

(d) Key industries and services should at once be publicly owned.

(e) This extension of public ownership over vital industries should be accompanied by the granting to the organised workers of the greatest practicable amount of control over the conditions and the management of the various industries.

## 2. STATE CONTROL AND PRICES

(a) Where an industry producing articles of common consumption or materials necessary to industries producing articles of common consumption cannot be at once publicly owned, State control over such industries should be retained.

(b) State control has been shown to provide some check upon profiteering and high prices, and this is a reason why it should be maintained until industries pass into the stage at which they can be conveniently nationalised.

(c) Many groups of capitalists at the present time are loudly claiming State assistance in re-establishing their industries upon a profit-making basis. There must be no State assistance without strict State control.

## 3. PROFITEERING

(a) A determined attempt should be made in each industry by public inquiry through Royal Commissions to elicit all the facts with regard to war profiteering.

(b) Organised Labour in each industry or service should

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have the right of nominating half the membership of the Commission, the other half being appointed by the Government to represent interests similar to those represented by the Government nominees on the Coal Commission. The Government should also, in each case, appoint a Chairman. This principle should be adopted not only in constituting these Commissions, but also in the other Committees and Commissions proposed in this memorandum.

(c) Such an inquiry should include not only firms directly engaged in industrial production, but also subsidiary and trading concerns, and a comprehensive attempt should be made to discover the extent and effect of combination between firms, and to lay bare any tendencies towards monopolistic combination which are at present developing in British industry.

(d) In view of the enormous burden of debt which has been accumulated as a result of the war and of the methods adopted in financing the war by loan rather than by direct taxation, steps should at once be taken to remove a considerable part of this burden by a graduated levy on capital from which property up to £1000 would be exempt.

### 4. GOVERNMENT POLICY IN RELATION TO INDUSTRY

The policy of selling national factories, ships, and shipyards should be immediately reversed, and both the ships and the shipyards and factories should be resumed by the State and operated as national concerns in the interest of the whole community.

### 5. UNEMPLOYMENT, SECURITY, AND MAINTENANCE

(a) We are of the opinion that a general increase in wages by improving the purchasing power of the workers

would have a general and permanent effect in the direction of limiting continuous unemployment, by bringing consumption up to something more like equilibrium with production.

(b) A special commission should be appointed immediately to investigate and report within a specified limit of time, upon the whole problem of unemployment in the widest sense, and the attention of this Commission should be especially directed to the problem of under-consumption as a cause of unemployment, and the possibility of instituting a State bonus.

(c) Pending the report of this Commission the Government should at once address itself to the task of preventing unemployment by all means within its power.

(d) We strongly urge the immediate creation of a central authority to deal with the allocation of all Government contracts in such a way as to steady the volume of employment and to co-ordinate orders given by local authorities. This central authority should co-operate closely with the National Industrial Council.

(e) A complete and comprehensive scheme of unemployment provision extending to all workers on a non-contributory basis should be instituted at the earliest possible moment, and this scheme should provide for adequate maintenance of those workers who are unemployed, and for the making up of maintenance pay to those workers who are under-employed. All unemployed workpeople under such a scheme would be entitled to a flat rate of benefit. It would, however, be desirable that there should be, in addition to the flat rate, a supplementary allowance for dependent children.

(f) This scheme should be administered directly through the trade unions, the Government maintenance pay for

the unemployed being handed over in the form of a subvention to the various trade unions to administer on behalf of their own members. Where in any case direct administration through a trade union is not arranged, maintenance pay should be administered through the Employment Exchanges, but if such a system of administration is to carry any confidence the present organisation of the Employment Exchanges must be drastically remodelled, and the Exchanges must be placed under the direct control of Joint Committees equally representative of the employers and trade unions.

(g) In addition to the provision made under such non-contributory national scheme, the State should assist trade unions to provide an additional benefit out of their own funds by giving a subsidy from State funds equivalent to 50 per cent. of the amount expended by the Union on unemployment allowances.

(h) Until this permanent provision is brought fully into operation it will be essential to continue, at least on the original scale, the temporary system of unemployment donation instituted on the termination of hostilities.

(i) It is absolutely necessary to make provision for a greater degree of security on the part of the worker. The worker who is threatened with arbitrary dismissal should, in all cases, have a prior right of appeal to his fellow-workers, and wherever dismissal takes place on grounds other than those of demonstrated misconduct, the worker who is dismissed should be entitled to a payment proportionate to his period of service with the firm.

(j) Special provision should be made for the maintenance of widows with dependent children, and for the endowment of mothers, in order to prevent them from being forced into industry against the interests of society.

## 6. WAGES

(a) A higher standard of living for the whole working community is not only desirable but immediately possible.

(b) Every worker should be entitled by law to a reasonable minimum wage.

(c) Until full provisions securing this to all workers have been brought into actual and complete operation, the temporary system of regulating wages under the Wages (Temporary Regulation) Act should continue.

(d) The principle of equal pay for men and women should be universally applied, both on grounds of justice and in order that there may be no degrading of conditions in any occupation through the introduction of female labour.

## 7. HOURS OF LABOUR

(a) A universal reduction of hours to a maximum of eight in any one day, and forty-four in any one week, is immediately necessary, subject only to such modifications in particular industries or occupations as can be clearly proved to be necessary for the efficient carrying on of the service. All such modifications should be allowed only on condition that the terms secured to the workers in the industries so exempted from the strict operation of an Eight-Hour Act should be not less favourable on the whole than the terms accorded to workers under the Act.

(b) Powers should at once be taken to reduce the number of hours worked below eight by a simple procedure such as that of provisional order as soon as industry has been given time to readjust itself to the new conditions.

(c) The eight hours which should be made a legal maximum for all workers should not prevent the workers in any

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trade or industry either from maintaining any better conditions which they have already secured, or from securing better conditions in the future.

(d) Power should be taken in any Act regulating hours where a collective agreement has been arrived at between representative organisations securing a lower maximum of hours for a particular trade or occupation, to make this lower maximum compulsory for the whole trade, including those parts of it which are unorganised or unfederated.

(e) Any measure regulating the hours of labour should also include provisions for the prohibition of all systematic overtime, and for the payment of all overtime worked at special rates.

(f) Special rates of pay should apply also to night work, Sunday, and holiday work, and night work should be abolished absolutely for women and children and, wherever possible, for all workers.

(g) Steps should immediately be taken for the international regulation of the hours of labour, and for the inclusion of a universal maximum in the terms of the International Charter of Labour.

(h) The fact that a trade has not reached a high state of organisation should not be regarded as an excuse for long hours or bad conditions of employment.

## 8. HOUSING

(a) The housing of the people must be regarded as a national responsibility, and the national resources must be utilised to the fullest extent in order to secure the immediate provision of enough houses to ensure a great general improvement in housing conditions for the whole people.

(b) If local authorities fail, under the conditions now offered by the State, to provide houses, the State must itself at once assume the responsibility of providing the houses which are necessary, or of compelling the local authorities to do so.

(c) Far more regard must be given than in the past both to the conditions which are necessary for the maintenance of public health and to the convenience and comfort of the working-class household, and especially of the housewife.

(d) Provision must be made for the fullest participation of working-class representatives, including women, directly chosen by the workers, in seeing that this scheme is carried properly and completely into effect.

#### 9. RECOGNITION OF TRADE UNIONS

All trade unions and federations and associations of trade unions recognised by the Labour Movement itself must receive full recognition both from the employers and from the State and the local authorities.

#### 10. CREATION OF REPRESENTATIVE MACHINERY

Some national machinery fully representative of the employers and of Labour to advise the Government in relation to all issues affecting industry generally should be brought into being at the earliest possible moment. This body should possess the full confidence of Labour, and should have the most democratic constitution that can possibly be secured. Without interfering where adequate machinery already exists, such an industrial council would form a useful medium for negotiation on questions affecting mutual relations of employers and workers in general, and on all questions of general industrial and economic policy.



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### IX. THE ATTITUDE OF THE GOVERNMENT AND OF THE EMPLOYERS

(a) A drastic change in the attitude of the Government Departments which deal with Labour is essential.

(b) It should be regarded as the duty of any Government Department employing Labour or entering into contracts which involve the employment of Labour, to ensure for all workers in its direct or indirect employment an adequate standard of life, and the best possible conditions of employment.

(c) Any claim or demand put forward by a body of workers should be immediately attended to, whether or not a strike has taken place and whether or not notice of strike has been given, without waiting for the organised workers to demonstrate their determination to take action. The Government should aim at being beforehand with unrest by removing all legitimate grievances as soon as they arise.

(d) The indefensible delay of the Ministry of Labour in setting up Trade Boards must come to an end, and the machinery of the Trade Boards Act must be put into operation at once for all the less organised trades and occupations.

(e) The employer, if he desires to prevent Labour unrest, should regard it as part of his responsibility to secure to all the workers whom he employs the best possible conditions of life and the earliest possible removal of all grievances.

(f) The habitual use now made by employers of machinery of conciliation and negotiation for the purpose of delaying the settlement of industrial demands must be discontinued.

(g) It is essential that all machinery of negotiation should be capable of rapid operation, and that it should

in no case be used for the purpose of delaying a decision, and that with a view to ensuring that it will not be so used all awards and agreements should be made retrospective to the date of the original claim.

### CONCLUSIONS

The fundamental causes of Labour unrest are to be found rather in the growing determination of Labour to challenge the whole existing structure of capitalist industry than in any of the more special and smaller grievances which come to the surface at any particular time.

These root causes are twofold—the breakdown of the existing capitalist system of industrial organisation, in the sense that the mass of the working class is now firmly convinced that production for private profit is not an equitable basis on which to build, and that a vast extension of public ownership and democratic control of industry is urgently necessary. It is no longer possible for organised Labour to be controlled by force or compulsion of any kind. It has grown too strong to remain within the bounds of the old industrial system and its unsatisfied demand for the reorganisation of industry on democratic lines is not only the most important, but also a constantly growing cause of unrest.

The second primary cause is closely linked with the first. It is that, desiring the creation of a new industrial system which shall gradually but speedily replace the old, the workers can see no indication that either the Government or the employers have realised the necessity for any fundamental change, or that they are prepared even to make a beginning of industrial reorganisation on more democratic principles. The absence of any constructive

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policy on the side of the Government or the employers, taken in conjunction with the fact that Labour, through the Trades Union Congress and the Labour Party, and through the various Trade Union Organisations, has put forward a comprehensive economic and industrial programme, has presented the workers with a sharp contrast from which they naturally draw their own deductions.

It is clear that unless and until the Government is prepared to realise the need for comprehensive reconstruction on a democratic basis, and to formulate a constructive policy leading towards economic democracy, there can be at most no more than a temporary diminution of industrial unrest to be followed inevitably by further waves of constantly growing magnitude.

The changes involved in this reconstruction must, of course, be gradual, but if unrest is to be prevented from assuming dangerous forms an adequate assurance must be given immediately to the workers that the whole problem is being taken courageously in hand. It is not enough merely to tinker with particular grievances or to endeavour to reconstruct the old system by slight adjustments to meet the new demands of Labour. It is essential to question the whole basis on which our industry has been conducted in the past and to endeavour to find, in substitution for the motive of private gain, some other motive which will serve better as the foundation of a democratic system. This motive can be no other than the motive of public service, which at present is seldom invoked, save when the workers threaten to stop the process of production by a strike. The motive of public service should be the dominant motive throughout the whole industrial system, and the problem in industry at the present day is that of bringing home to every person engaged in industry the feeling that

he is the servant, not of any particular class or person, but of the community as a whole. This cannot be done so long as industry continues to be conducted for private profit, and the widest possible extension of public ownership and democratic control of industry is therefore the first necessary condition of the removal of industrial unrest.

On behalf of the Trade Union Representatives,

ARTHUR HENDERSON, *Chairman.*

G. D. H. COLE, *Secretary.*

## APPENDIX I

### THE MINERS' BILL—SELECT CLAUSES

#### THE NATIONALISATION OF MINES AND MINERALS BILL, 1919

A BILL TO NATIONALISE THE MINES AND MINERALS OF GREAT BRITAIN, AND TO PROVIDE FOR THE NATIONAL WINNING, DISTRIBUTION, AND SALE OF COAL AND OTHER MINERALS.

WHEREAS it is expedient that mines and minerals should be taken into the possession of the State.

Be it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal and Commons in this present Parliament assembled, and by the authority of the same, as follows :—

#### I. ESTABLISHMENT OF MINING COUNCIL

(1) For the purpose of winning, distributing, selling, and searching for coal and other minerals, there shall be established by His Majesty by Warrant under the sign manual, a Mining Council, consisting of a President and twenty members, ten of whom shall be appointed by His Majesty and ten by the Association known as the Miners' Federation of Great Britain.

(2) It shall be lawful for His Majesty, from time to time, to appoint any member of the Privy Council to be President

of the Mining Council, under the name of the Minister of Mines, to hold office during His Majesty's pleasure.

(3) The Members of the Mining Council, other than the President, shall be appointed for five years, but shall be eligible for reappointment. Provided that His Majesty or the Association known as the Miners' Federation of Great Britain respectively shall have power to remove any person appointed by them and appoint some other person in his place. On a casual vacancy occurring by reason of the death, resignation, or otherwise of any of such members or otherwise, His Majesty or the Miners' Federation of Great Britain, as the case may be, shall appoint some other person to fill the vacancy, who shall continue in office until the member in whose place he was appointed should have retired, and shall then retire. The members of the Mining Council shall devote the whole of their time to the business of the Mining Council.

## 2. MINISTER OF MINES AND PARLIAMENTARY SECRETARY

(4) The Minister of Mines and the Parliamentary Secretary shall be responsible to Parliament for the acts of the Mining Council.

## 3. OFFICERS, ETC.

(4) Notwithstanding anything in any Act, order, or regulation, any society of workers, all or some of whose members are wholly or partly employed in or about mines, or in any other manner employed by the Minister of Mines, or the Mining Council, or a District Mining Council, or Pit Council, or otherwise under this Act, may be registered or constitute themselves to be a Trade Union, and may do

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anything individually or in combination which the members of a Trade Union or a Trade Union may lawfully do. Provided further that notwithstanding any Act, order, or regulation to the contrary, it shall be lawful for any person employed under this Act to participate in any civil or political action in like manner as if such person were not employed by His Majesty, or by any authority on his behalf.

Provided, further, that no such person shall suffer dismissal or any deprivation of any kind as a consequence of any political or industrial action, not directly forbidden by the terms of his employment, or as a consequence of participation in a strike or trade dispute.

### 4. CONSTITUTION OF MINING COUNCIL

(1) The Mining Council shall be a Corporation to be known by the name of the Mining Council, and by that name shall have perpetual succession, and may acquire and hold land without licence in mortmain.

### 5. TRANSFERENCE OF MINES AND MINERALS TO MINING COUNCIL

(1) On and after the appointed day, save as in Sub-section 3 of this Section, provided—

(a) Every colliery and mine (including all mines, quarries, and open workings of ironstone, shale, fire-clay and limestone, and every other mine regulated under the Metalliferous Mines Regulation Acts, 1872 and 1875, but not including mines, quarries, or open workings of minerals specified in the First Schedule to this Act), whether in actual work, or discontinued, or exhausted, or abandoned, and every shaft, pit, bore-

hole, level, or inclined plane, whether in course of being made or driven for commencing or opening any such colliery or mine, or otherwise, and all associated properties (including vessels, lighters, railway rolling stock, and all works, including works for the manufacture of bye-products, in the opinion of the Mining Council belonging to any mine undertaking or connected with any colliery or mine, and every house belonging to the owners of any such colliery or mine, which, in the opinion of the Mining Council, is usually occupied by workmen employed at such colliery or mine), (all of which are herein included in the expression "mine."); and

(b) all coal, anthracite, lignite, ironstone, shale, fireclay, limestone, or other mineral, excepting the minerals specified in the First Schedule to this Act, whether at present being worked or not worked, or connected or not connected with any mine, beneath the surface of the ground (all of which are herein included in the expression "minerals"); and

(c) all rights and easements arising out of or necessary to the working of any mine or the winning of any mineral, including all mineral wayleaves, whether air-leaves or water-leaves, or rights to use a shaft, or ventilation or drainage or other royalties, lordships, or rights in connection therewith, whether above or below the ground (all of which are herein included in the expression "rights")

shall be transferred to, vested in, and held by the Mining Council in their corporate capacity in perpetuity, and shall for all purposes be deemed to be royal mines, and the minerals and rights thereof respectively.



## 6. PURCHASE OF MINES

The Mining Council shall purchase the mines of Great Britain in them vested by this Act (other than those which are the property of the Crown at the time of the passing of this Act, or which have been disclaimed in whole or in part in accordance with Section 5 (3) of this Act) at the price and in the manner provided by this Act. Provided always that the value of any rights as defined by Section 5 (1) (c) of this Act shall not be taken into account in computing such price, for all of which no compensation shall be paid.

## 9. ASCERTAINMENT OF PURCHASE PRICE

(1) The purchase price of mines exclusive of associated properties (other than mines in the possession of the Crown at the time of the passing of this Act) shall be computed subject to the provisions of Sub-sections (2) and (3) of this Section by ascertaining the average annual number of tons of minerals actually raised during the five years preceding 4th August 1914 :

Provided that as regards coal-mines in no case shall the maximum purchase price, exclusive of associated properties, be taken to be more than the following :

When 100,000 tons or less have been raised per annum on the average during such five preceding years, a capital sum equal to one year's output at 12s. per ton.

When more than 100,000 tons have been raised per annum on the average during such five preceding years, a capital sum equal to one such year's output at 10s. per ton.

(2) The Commissioners in arriving at such computation shall also have regard to the actual gross and net profits which have been made in the mine during such years or thereafter and to the amounts which may have been set aside from time to time for depreciation, renewals, or development, and to the probable duration of the life of the mine, and to the nature and condition of such mine, and to the state of repairs thereof, and to the assets and liabilities of any mine undertaking existing at the time of purchase which are transferable to the Mining Council under Section 16 of this Act.

(3) Provided further that where a coal-mine, in the opinion of the Commissioners, has not been fully developed, the amount which would be raised under full development without any increase of capital expenditure shall be taken as the average annual number of tons raised, and the maximum purchase price in such case shall be taken to be a capital sum equal to the product of such number of tons and 12s. or 10s. per ton respectively, for the purpose of ascertaining the maximum value per ton under Sub-section (1) of this Section.

#### 10. ISSUE OF STATE MINES STOCK

(1) The purchase price of any mine and such of its associated properties as have been purchased, as ascertained under the provisions of this Act, shall be paid by the Mining Council in mines purchase stock to the persons who, in the opinion of the Mining Council, have established their title to such stock. Provided that an appeal shall lie to the High Court under rules to be framed by the High Court from the decision of the Mining Council as to the title of any such persons, but for no other purpose.

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(2) For the purpose of paying such purchase price the Treasury shall, on the request of the Mining Council, by warrant addressed to the Bank of England, direct the creation of a new capital stock (to be called "Guaranteed State Mines Stock"), and in this Act referred to as "the stock," yielding interest at the rate on the nominal amount of capital equal to that payable at the date on which this Act received Royal Assent on what, in the opinion of the Treasury, is the nearest equivalent Government Loan Stock.

(3) Interest shall be payable by equal half yearly or quarterly dividends at such times in each year as may be fixed by the warrant first creating the stock.

### II. POWERS OF MINING COUNCIL

(1) Subject to the provisions of this Act, it shall be lawful for the Mining Council to open and work mines and search for, dig, bore, win and deal with minerals and generally to carry on the industry of mining, distributing, vending, and exporting, together with all other industries carried on in connection therewith. Provided that it shall not be lawful for the Mining Council to lease or sell any mine or minerals or rights to any person, association, or corporation.

(2) The Mining Council may, from time to time, in such manner and on such terms as they think fit—

(a) subject to the general consent of the Treasury, appoint or continue in employment or dismiss managers, engineers, agents, clerks, workmen, servants, and other persons; and

(b) construct, erect or purchase, lease, or otherwise

acquire buildings, plant, machinery, railways, tramways, hulks, ships, and other fixed or movable appliances or works of any description, and sell or otherwise dispose of the same when no longer required ; and

(c) sell, supply, and deliver fuel, coal and other products, the result of mining operations, either within or without the realm ; and

(d) enter into and enforce contracts and engagements ; and

(e) generally do anything that the owner of a mine might lawfully do in the working of the mine, or that is authorised by regulations under this Act or by this Act ; and

(f) employ local authorities for any purpose they may think necessary to carry out their duties under this Act, on such terms as may be mutually agreed.

(3) In addition to the powers conferred on the Mining Council by the last preceding sub-section, the Mining Council may, in such manner as they think fit, work any railway, tramway, hulk, ship, or other appliance for the purpose of winning, supplying, and delivering coal or other products.

## 12. DISTRICT MINING COUNCILS AND PIT COUNCILS

(1) The Mining Council shall, for the purpose of the carrying on and development of the mining industry, divide Great Britain into districts, and shall in each district constitute a District Mining Council of ten members, half of which shall be appointed by the Miners' Federation of Great Britain.

(2) The Mining Council may delegate to any District

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Mining Council or Pit Council, such of their powers under this Act as may conveniently be exercised locally, and the District Mining Council shall upon such delegation have and exercise within their district all the powers and duties of the Mining Council as may be delegated to them.

(3) A District Mining Council shall, subject to the approval of the Mining Council, have power within their area to appoint Pit Councils for each mine or group of mines, composed of ten members, half of which shall be members of the Miners' Federation of Great Britain, and nominated by the workers of the mine or groups of mines aforesaid, and the District Mining Council may delegate to such Pit Council such of their powers concerning the immediate working or management of a particular mine or group of mines as the District Mining Council may, subject to the approval of the Mining Council, think fit.

(4) The members of District Mining Councils shall be appointed for three years, but shall be eligible for re-appointment, and the members of Pit Councils shall be appointed for one year, but shall be eligible for reappointment.

### 13. FUEL CONSUMERS' COUNCIL AND ADVISORY CONFERENCE

(1) For the purpose of advising the Mining Council it shall be lawful for His Majesty to appoint persons, to represent the interests of consumers, to be known as the Fuel Consumers' Council.

(2) The Mining Council shall have power to convoke at such time as they think fit and under such regulations and conditions as they may prescribe, advisory conferences of representatives of District Mining Councils, and the District

Mining Councils shall have power in like manner to convoke advisory conferences of Pit Councils within their area.

(3) The expenses of the Fuel Consumers' Council, National and District Mining Conferences shall, subject to the approval of the Treasury, be paid by the Mining Council.

#### 19. REGULATIONS

(1) The Mining Council may, from time to time, make such regulations as they think necessary for any of the following purposes:—

(a) The management of mines under this Act ;

(b) the functions, duties, and powers of the District Mining Councils, Pit Councils, and other bodies or persons acting in the management and working of mines or distribution and sale of fuel under this Act ;

(c) the form of the accounts to be kept and the balance sheets to be prepared in respect of mines under this Act ;

(d) the mode in which the sinking funds and other funds connected with mines under this Act shall be held and administered ;

(e) generally any other purpose for which, in the opinion of the Mining Council, regulations are contemplated or required.

(2) The Mining Council, before making or altering any regulations or conditions of employment, including wages, as affect workmen engaged in the mining industry, shall consult with the association known as the Miners' Federation of Great Britain, and, in the event of such representatives and the Mining Council failing to agree, the matter in dispute may be referred to arbitration on such terms as may be mutually agreed.

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(3) Provided that nothing in this section shall be deemed to interfere with the right of any employed person, subject to his contractual obligations, to dispose of his labour as he wills.

### 20. STATUTORY REGULATIONS

(1) Every mine worked under this Act shall be managed and worked subject to the provisions of the Metalliferous Mines Regulations Acts, 1872 and 1875, the Coal Mines Regulation Act, 1908, the Coal Mines Act, 1911, and any other Act regulating the hours, wages, or conditions of labour in mines.

(2) There shall be transferred to and be vested in the Mining Council all the powers and duties of the Secretary of State and of any other Government Department imposed upon them by the Metalliferous Mines Regulations Acts, 1872 and 1875, the Coal Mines Regulation Act, 1908, the Coal Mines Act, 1911, or any other Act regulating or affecting mines or the hours or conditions of labour therein.

### 21. DUTY OF MINING COUNCIL TO SUPPLY COAL

(1) It shall be the duty of the Mining Council to ensure that there is a sufficient supply of fuel at reasonable prices throughout Great Britain, and for this purpose it shall be lawful for the Mining Council, or for any local authority or Government Department acting on their behalf, to establish stores and depots and to employ vehicles and to use all other necessary means for the selling of fuel and to sell fuel within the area of every local authority, and, further, for this purpose it shall be the duty of the railway companies or authorities of Great Britain

to provide such facilities for the conveyance of fuel as the Mining Council may deem necessary to enable them to carry out the duties imposed upon them by this section at rates not greater than such railway companies or authorities are now entitled to charge for the conveyance of fuel.

(2) Where the Mining Council delegates to any local authority all or any of their powers under this section, it shall be lawful for such local authority to exercise all or any of the powers of the Mining Council so delegated to them.

(3) All moneys had and received or expended by a local authority under this section shall be deemed to be had and received or expended on behalf of the Mining Council.

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#### FIRST SCHEDULE.

Minerals excluded from this Act :—

|            |        |                 |
|------------|--------|-----------------|
| Sandstone. | Slate. | Building Clay.  |
| Granite.   | Chalk. | Gravel and Sand |
| Cherts.    | Flints | Igneous Rocks.  |



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G. D. H. COLE

CHELSEA, *March* 1920

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